ANNUAL REPORT 2008

CopperCo Ltd

CORPORATE DIRECTORY

DIRECTORS

Keith Liddell

Brian Rear

Richard Basham

Hon John Moore AO

Peter Patrikeos

COMPANY SECRETARY

Phillip Hartog

REGISTERED AND PRINCIPAL OFFICE

Level 22
Allendale Square
77 St Georges Terrace
Perth WA 6000
Telephone: (08) 9260 8800
Facsimile: (08) 9225 6091

Website: www.copperco.com.au

ABN

95 004 434 904

AUDITORS

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Telephone: (08) 9429 2222

SHARE REGISTRY

Computershare Registry Services Pty Limited
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Website: www.computershare.com.au

TABLE OF CONTENTS

CHAIRMAN'S REPORT

Dear Shareholder,

On behalf of the Board of CopperCo Limited, I present the annual report for the year ended 30 June 2008. The year under review saw the achievement of a number of significant milestones as the company successfully established the Lady Annie copper operation as a profitable high margin business and at the time of preparing this report the expansion project to install process capacity to 30,000 tonnes per year has been completed on time and on budget. A measure of the strong profitability of the business is reflected in the declaration of a maiden profit before tax for the consolidated group of $11.52 million for the year ended 30 June 2008. Profit after Tax amounted to $5.2 million. Of greater relevance is cash flow and it is pleasing to report that earnings before interest, tax, depreciation and amortisation (EBITDA) for the consolidated group amounted to $39.3 million representing a 48% margin on revenue. Earnings before interest and tax (EBIT) amounted to $27.4 million, a robust 33% margin on revenue. The surplus cash generated in the year under review was largely re-invested in the business. It is extremely pleasing to your board that the company has been able to deliver such positive financial results from the start-up year of the mining operation, the bulk of which was confined to the last half of the year. The operating team has done an excellent job in bringing the mine into production and establishing steady operations at nameplate levels within two quarters of commissioning.

World copper supply and demand fundamentals remain supportive of prices at current levels in the short to medium term. The global copper industry continues to remain vulnerable to declining grades, equipment availability and power and water supply constraints among other things. Despite a general slowing in world growth rising capital and operating cost pressures remain strongly evident throughout the mining industry and these pressures are expected to continue into the current year. Cash operating costs are well contained at Lady Annie, and with the expansion completed the operational objectives for the coming year are to steadily ramp up to the 30,000 tonnes per annum rate and to move the operation from growth in output to efficiency gain and maximisation of cash flow.

Construction work on the expansion project was initiated in January 2008 and completed in September 2008. The performance of our engineering and construction group has been particularly pleasing in delivering the expansion to budget and on schedule.

Exploration has once again delivered another outstanding result this past year. Since my last report a further 64,000 tonnes contained copper was added to the official Mineral Resource Estimate, the benefit of which has been incorporated into the mining plan for the Project. The discovery cost of this copper amounted to US$0.06/lb. It is noteworthy that during the year our exploration team effectively replaced the Ore Reserve that was mined thus maintaining the life of operation on a forward basis contained in the business plan. Your board approved an aggressive $10 million exploration programme and budget for the 2007-2008 field season, with a global objective of developing a total Mineral Resource base of at least 60 million tonnes at a nominal average grade of 1% Cu in the next few years. The driver is to establish sufficient copper resources, oxides and sulphides to warrant copper production above an annual rate of 30,000 tonnes contained copper and we believe the geological potential exists on our properties to achieve this objective in the medium term.

The main exploration focus has been on the new copper oxide resource development at the Lady Brenda prospect located 300 metres to the southwest of the Lady Annie ore body where a resource of 29,300 tonnes of contained copper has been defined. This update to the Mineral Resource estimate was announced to the market on 11 September 2008.

In addition to the copper oxide resource development, drilling to define the resource base for the sulphide mineralised zones beneath the Lady Annie and Flying Horse oxide ore bodies, has continued in earnest. Total sulphide resources include 15.3Mt at 0.8% containing 125,400 tonnes of contained copper metal. Development and processing options for sulphide ores are being evaluated, and potential for significant sulphide resource addition is already evident at the Flying Horse and Lady Annie East Prospects. The Company will target sulphide copper resources and reserves capable of supporting a 20,000 tonne per annum copper-in-concentrate operation having a 10-year mine life. Total copper resources presently stand at 40.5Mt at 0.8% for 350,200 contained copper tonnes, up 22% on last year's results.

In Late January 2008 the company announced a decision to merge with Mineral Securities Limited. The Independent Committee of directors charged with the decision and conduct of the merger believed that significant advantages would accrue to CopperCo through diversification of commodity exposure, strengthened balance sheet, lower gearing and greater relevance in the equity markets. As I write this report the merger is nearing completion. Set against the turmoil in financial markets the decision to merge simply reinforces and validates the key drivers of lowering gearing, building balance sheet strength and establishing a greater equity market presence for the company going forward.

On behalf of the shareholders and the board, I congratulate our Managing Director Brian Rear and his team on delivering such an outstanding result for the year.

Yours faithfully

Keith Liddell

Chairman

17 October, 2008

MANAGING DIRECTOR'S REPORT

2007-08 WAS A BUSY YEAR FOR COPPERCO

- We successfully completed the development of the Lady Annie Operations and shipped the first Cathode in October 2007. A brilliant effort by all involved considering the company was founded just over three years earlier.
- Full production rate of 19,000 tpa copper cathode was achieved in March 2008.
- The construction work for the production expansion to 30,000 tpa copper cathode commenced in January 2008 and was completed in September 2008. Production will progressively increase to 30,000 tpa by July 2009.
- The Exploration team increased the Mineral Resource by 64,000 tonnes of contained copper and replaced the depleted Ore Reserve from mining.
- The Merger with Mineral Securities to create a diversified resources company was announced in January 2008 and completed after the balance date in October. This is a major milestone in the development of a mid-tier diversified resources company.

THE FUTURE

Growth through expansion diversification and exploration.

The board is committed to increasing shareholder value through diversification, exploration and project expansion. To achieve this, the company approved a 58% expansion in copper cathode production in January 2008, which at time of writing was complete. That same month the company announced the merger between CopperCo and Mineral Securities via a takeover of Mineral Securities which CopperCo gained control of on 4 August 2008 and acquired 100% during October. Our engineering and project team have done a superlative job in delivering the expansion project on time and under budget.

CopperCo now has a pipeline of development projects complimenting the Lady Annie Operations.

THE STRATEGY

going forward is three fold;

I) Maximise the cash flow from the expanded Lady Annie Operation.

II) Sell non- core assets to lower debt and re-invest surplus cash in new business.

III) Seek to unlock value from core assets.

The company is actively working on and toward all three elements of its forward strategy.

The phase two expansion of the process facilities is now complete at Lady Annie. Mining activity has commenced at the Lady Annie pit and commencement of ore extraction in November 2008 will signal start of the ramp up phase to lift production 58% to 30,000 tpa.

Post completion of the merger and a final review of the asset base, those assets considered non-core will be progressively sold for value and the proceeds will be utilised to lower debt. Any surpluses to the debt reduction plan will be reinvested in growth opportunities in core asset areas.

During the current year the exploration priority will be given to extending the mine life of the copper oxide leach operation and development of the copper sulphide resource base to assess the feasibility of copper concentrate production.

On behalf of the board I wish to congratulate the operational, project and exploration staff for their individual and collective achievements during the 2007-2008 year.

Managing Director

OPERATIONS REPORT

LADY ANNIE OPERATIONS (100%)

A year of commissioning, steady production and capacity expansion.

Summary

It has been a momentous year for Lady Annie Operations (LAO) with commissioning of the processing plant and the first cathode shipped from the operations in October 2008. This was a significant achievement by all involved.

Production ramped up to the design capacity of 19,000 tpa copper cathode in the third quarter of the financial year with full annualised production in the final quarter. Site cash costs for the year were US$1.08/lb copper produced, a pleasing outcome set against the rising cost of inputs to mining operations that has been experienced globally for the past few years.

The company is committed to providing a safe and healthy work environment through strong Health, Safety, Environment and Diversity policies, systems and participation. During the year the company experienced no lost time injuries.

	2007/08
Copper sold	11,074t
Copper stripped	11,082t
Cash cost per pound	US$1.08/lb
Ore Mined	2.2Mt
Ore stacked	2.0Mt
Stacked grade	0.96%
Recovery	89%
Waste to Ore ratio	3.77
Mine Lost time Injuries	0

Mining

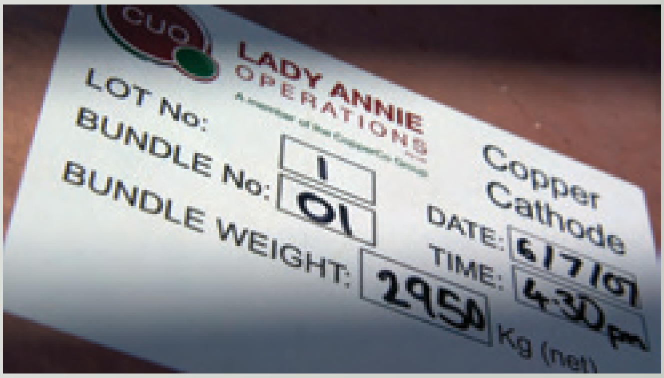
Mining focused on the Mt Clarke and Flying Horse areas, adjacent to the processing plant with a total movement of 4.6 Mbcm for 2.2 Mt of ore mined during the year.

The Lady Annie pit operation is scheduled for ore extraction to commence in November 2008. In anticipation of mining operations at Lady Annie and to increase the capacity of the mining fleet for the expansion a 200 tonne digger joined the owner-operator fleet in June. The digger was commissioned in the Flying Horse pit and will be relocated to the Lady Annie pit in October.

Processing

The processing plant was commissioned in the first quarter of the year commencing with the crushing and stacking circuit in July 2007 followed by heap leaching, process ponds and solvent extraction (SX). In September 2007 the Electrowinning (EW) circuit was brought on stream and the first copper cathode shipped from site in October 2007.

Nameplate capacity of 19,000 tpa copper cathode was reached in the third quarter of the financial year and preparations are well under way for expansion to 30,000 tpa by mid calendar 2009. During the year 2.0Mt at 0.96% copper was crushed and stacked with 11,082 t copper cathode stripped and 11,074 t cathode sold during the year. Start up of the process facilities was largely trouble free.



Expansion

Early in 2008 the board decided to begin capacity expansion to take advantage of the engineering and construction resources already mobilised for the initial development phase reducing the capital cost. In January 2008 construction began on the 30,000 tpa expansion and was completed in September 2008. The increased capacity will allow operations to expand output progressively to 30,000 tpa by mid 2009.

The increased capacity is expected to reduce unit operating costs.

Water Augmentation

Lady Annie Operations has experienced severe drought conditions over the past two years and the long-term stability of the permanent water supply to the mine has been assessed.

The current water supply for the operation is drawn from Lake Waggaboonya, some 50km from the mine.

We feel that a backup supply should be capable of providing 100% of the mine's needs to ensure continued production should drought conditions prevail. Over the past few months, the company has been successful in identifying a number of sources of water at varying distances from the main infrastructure at Mount Kelly. Construction of the back up water supply has commenced and is scheduled for completion in November 2008.

Labour, Health and Safety and the Environment

Lady Annie Operations has established a stable workforce of around 147 people. Employees are offered a variety of Fly-in-Fly-out rosters and a semi-residential option in Mount Isa. Those on a Fly-in-Fly-out roster are flown from either Townsville – 35%, Cairns – 22% or Brisbane – 33% with the remaining 10% residing in Mount Isa.

CopperCo is committed to establishing a diverse workforce. Indigenous employees currently make up 18% of the Lady Annie Operations workforce and women also make up 18% of the workforce. With the expansion of production to 30,000 tpa the workforce is expected to increase to 194 people.

The company is committed to ensuring the health and safety of all people at CopperCo and the environment. A significant number of internal and external audits were carried out during the year on the site health, safety and environment system. The company maintains a continuous improvement program and in the last year recorded no Lost Time Injuries for the copper operations.

EXPLORATION REPORT

1. Exploration Summary

CopperCo's objective post the Feasibility Study was to develop the resource base sufficiently to support an early upgrade of copper production capacity from 19,000 tonnes per annum to a minimum of 30,000 tonnes per annum through a clearly focused exploration and development programme during 2007 - 2008. This objective has been achieved with the Company committing to expanding production to 30,000 tpa by mid 2009.

The exploration focus now shifts to evaluation of the sulphide mineralisation below the copper oxide ore bodies at Lady Annie, Flying Horse and Anthill and the wider potential for nearby oxide copper potential in and around the designated ore bodies that constitute the mine project. The objective of this activity is to assess the potential to lift production beyond 30,000 tonnes per annum.

Through an aggressive exploration programme during Jan 08 to June 08, the Company has been focusing exploration activity on defining Mineral Resource estimates at the Lady Annie Chalcocite area, below the Lady Annie oxide copper deposit, at the Flying Horse Extended area, immediately northwest of Flying Horse and the Lady Brenda area where an oxide copper resource was recently defined.

2. Mineral Resources and Ore Reserves Summary

The Mineral Resource estimate (Measured, Indicated & Inferred) currently defined for the project comprises a total of 40.5 million tonnes grading at 0.8% copper for 350,200 tonnes of contained copper (Table 1). The Resource has more than doubled compared with the Mineral Resource estimate for the inaugural Stage 1 project phase of 17.2 million tonnes grading 0.9% copper for 162,600 tonnes of copper. Seventy four percent of the current Mineral Resource is classified in the Measured and Indicated categories.

This significant increase in the Mineral Resource inventory has laid the foundation for the expansion of Lady Annie Operations mine and processing facility from 19,000 tpa to 30,000 tpa of copper cathode.

Ore Reserves (Table 2) and mine inventory (Reserves + Inferred resources within the pit outline) have also significantly increased since Feasibility by 26% and 28%, respectively. These figures include mine depletion from Mount Clarke.

The global Mineral Resource estimate includes both oxide and sulphide mineralisation, however only oxide resources suitable to SX-EW extraction have been optimised to date. Total sulphide resources include 15.3Mt at 0.8% containing 125,400 tonnes of contained copper metal. Development and processing options for sulphide ores are being evaluated, and potential for significant sulphide resource addition is already evident at the Flying Horse and Lady Annie East Prospects. The Company will target sulphide copper resources and reserves capable of supporting a 20,000 tonne per annum, 10 year mine life, copper in concentrate operation.

EXPLORATION REPORT

Table 1:

Total Copper Mineral Resource Estimate Lady Annie Project September 2008 – Using a 0.3% lower copper cut off for Lady Annie and a 0.2% lower copper cut off for the Mount Kelly ore bodies.

CopperCo Limited – Total Mineral Resource after Mining Depletion as at September 2008									
	Measured		Indicated		Inferred		Total Resource		
Deposit	Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%	Cu Tonnes
Oxide Resources									
Lady Annie	6,905,000	1.2	2,336,000	0.9	1,650,000	0.8	10,891,000	1.1	120,200
Lady Brenda	1,214,000	0.6	839,000	0.6	760,000	0.5	2,813,000	0.6	16,600
Mount Clarke	2,080,000	0.6	692,000	0.7	89,000	0.5	2,861,000	0.6	18,100
Flying Horse	1,198,000	0.7	3,044,000	0.6	885,000	0.7	5,127,000	0.6	33,100
Mount Kelly Workings	0	0	129,000	0.7	83,000	0.6	212,000	0.7	1,400
Swagman	128,000	0.6	170,000	0.6	61,000	0.5	359,000	0.6	2,100
Anthill	0	0	1,055,000	1.0	1,910,000	1.2	2,965,000	1.1	33,300
Sub-Total	**11,525,000**	**1.0**	**8,265,000**	**0.8**	**5,438,000**	**0.9**	**25,228,000**	**0.9**	**224,800**
Sulphide Resources									
Lady Annie	4,856,000	0.9	2,472,000	0.9	1,538,000	0.8	8,866,000	0.9	77,500
Lady Brenda	0	0	530,000	0.5	1,664,000	0.6	2,194,000	0.6	12,700
Mount Clarke	962,000	0.5	264,000	0.7	21,000	1.0	1,248,000	0.5	6,600
Flying Horse	220,000	0.5	638,000	1.1	1,217,000	0.9	2,075,000	0.9	18,700
Anthill	0	0	0	0	935,000	1.1	935,000	1.1	9,900
Sub-Total	**6,038,000**	**0.7**	**3,904,000**	**0.8**	**5,375,000**	**0.8**	**15,318,000**	**0.8**	**125,400**
Global Total	**17,563,000**	**0.9**	**12,169,000**	**0.8**	**10,813,000**	**0.8**	**40,546,000**	**0.8**	**350,200**

Note: Figures used are rounded

Table 2:

Lady Annie Ore Reserve Statement June 2008

CopperCo Limited – Reserves after Mining Depletion as at September 2008									
	Proven Reserves			Probable Reserves			Total Reserves		
Pit Name	Tonnes	Cu%	Contained Cu Tonnes	Tonnes	Cu%	Contained Cu Tonnes	Tonnes	Cu%	Contained Cu Tonnes
Lady Annie	6,392,000	1.24	79,470	1,794,000	1.01	18,110	8,186,000	1.19	97,580
Mount Clarke	2,419,000	0.60	14,530	708,000	0.72	5,100	3,127,000	0.63	19,630
Flying Horse	1,054,000	0.63	6,670	2,364,000	0.63	14,880	3,418,000	0.63	21,560
Mount Kelly Workings	0	0	0	85,000	0.70	590	85,000	0.69	590
Swagman	131,000	0.62	820	143,000	0.60	860	274,000	0.61	1,680
ROM Stockpile	113,800	0.61	690	0	0	0	113,800	0.61	690
Total	**10,109,800**	**1.01**	**102,180**	**5,094,200**	**0.78**	**39,540**	**15,203,800**	**0.93**	**141,730**

Note: Figures used are rounded

The information in this report that relates to the Mineral Resource and Ore Reserve estimate is based on information compiled by Malcolm Titley BSc (Geology/Chemistry), MAusIMM, MAIG, of Finore Pty Ltd. Malcolm Titley is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Malcolm Titley consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate is based on information compiled by Dr Omer Mol BSc (Hons- Mining), MSc (Distinction) and PhD, MAusIMM, of Mol Mine Planning Services. Dr Mol is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Dr Omer Mol consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

EXPLORATION REPORT

Lady Annie Project

The Lady Annie oxide copper deposit is located 137 km northwest of Mount Isa (Figure 1), within mining lease ML 90179 (Figure 2). In addition to the interest in ML 90179, CopperCo holds 28 granted Exploration Permits for Minerals (EPM) covering a total area of 1,901 km², 45 EPM applications (for 2,752 km²) and 12 granted Mining Leases (for 29.45 km²).

Figure 1: Tenement location in the Western and Eastern Successions of the Mount Isa Block Annie area held

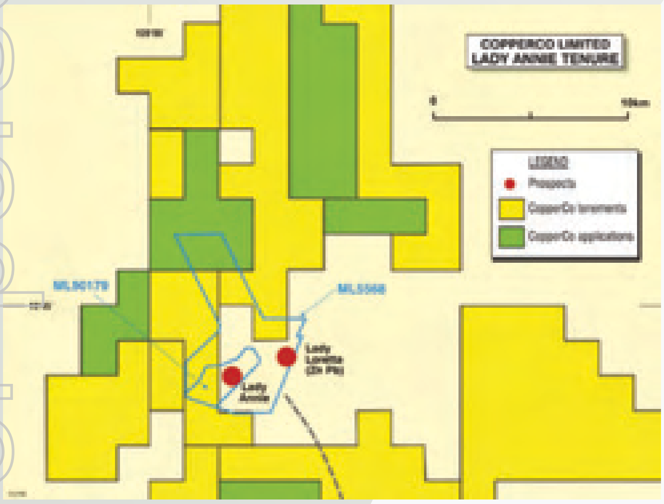


Figure 2: Mining tenements in the Lady by CopperCo.

Figure 3: Lady Annie Pit Shell (green) and Sulphide mineralisation (blue)

Lady Annie Oxide Copper Resource

The Lady Annie oxide copper deposit comprises mostly malachite mineralisation, with minor cuprite, chrysocolla and chalcocite extending from surface to a depth ranging between 60 and 100 metres. The deposit has an average thickness of 20 to 25 metres within an arc-shaped and continuously mineralised zone hosted by strongly oxidised and weathered dolomitic siltstones and sandstones.

In plan, Lady Annie forms a 700 metre by 600 metre U-shape around a low hill (Figure 3).

Lady Annie Sulphide Copper Resource

The sulphide copper mineralisation at Lady Annie occurs below the Base of Complete Oxidation (BOCO), which is marked by a pronounced increase in carbonate content. The BOCO varies in depth from 60 to 100 metres below surface and forms an undulating surface with distinct inflections related to steeply dipping faults that cross cut the area (Figure 4). The primary sulphide mineralisation consists of one or more of chalcocite, chalcopyrite, bornite and pyrite occurring in carbonate and quartz veins and vein breccias. The sulphide mineralisation at depth appears to be structurally controlled with significant drill intersections commonly associated with fault zone related silicification.

EXPLORATION REPORT

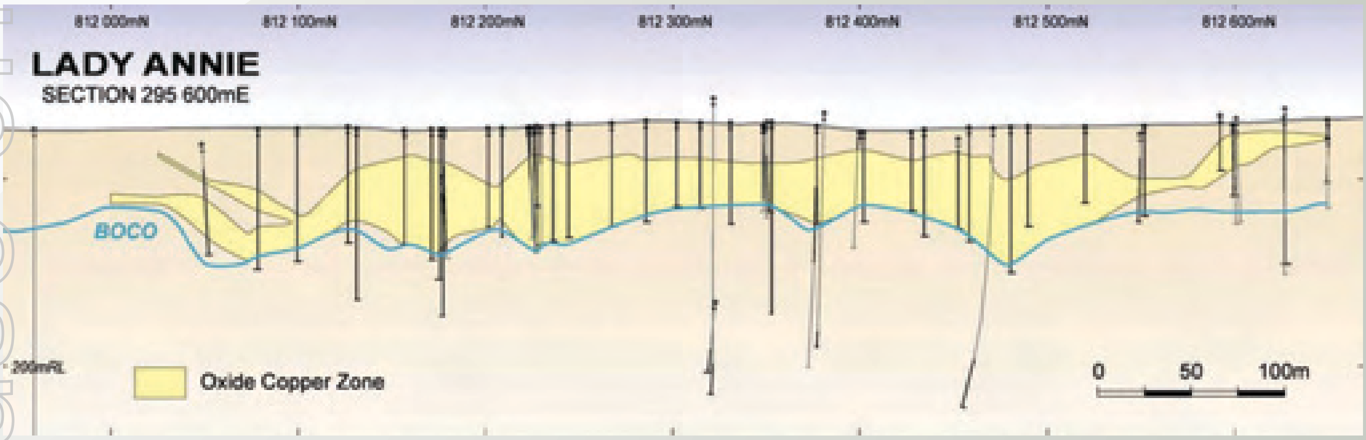


Figure 4: Lady Annie Long Section

The sulphide mineralisation defined to date at Lady Annie is mostly confined to the area west of Lady Annie along the Mount Lorrie Fault. The depth extent of the copper mineralisation below the BOCO over the rest of the Lady Annie deposit is virtually untested. The Paradise Fault at Lady Annie East is a potential target for deeper sulphide mineralisation.

Lady Annie West

A broad sub-horizontal to shallow west dipping zone of chalcocite dominated mineralisation has now been defined with a strike extent in the order of 400 metres and thicknesses of up to 50 metres. The mineralised zone extends westwards beneath the planned oxide pit (Figure 5). Copper acid solubility testwork is underway and more comprehensive metallurgical testwork will follow. Previously reported preliminary metallurgical testwork on chalcocite ores has indicated favourable leach characteristics after flotation.

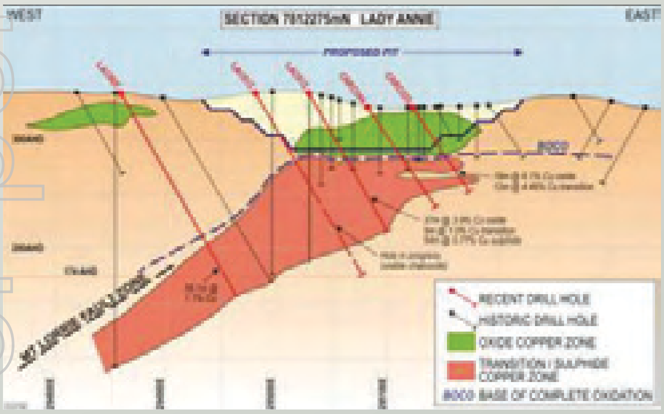


Figure 5: Lady Annie cross section

Lady Annie East

Since January 2008 five deeper drill holes have been completed targeting potential copper sulphide mineralisation associated with structural faults at depth. Three holes have targeted structures in the north of the Lady Annie East area (LAC062, 064 and 065). CARC 339, one of two holes (the other being LAC 061) targeting a structural intersection in the south, intercepted a significant copper sulphide intercept of 55 metres at 3.30 % Cu from 134 metres (Figure 6).

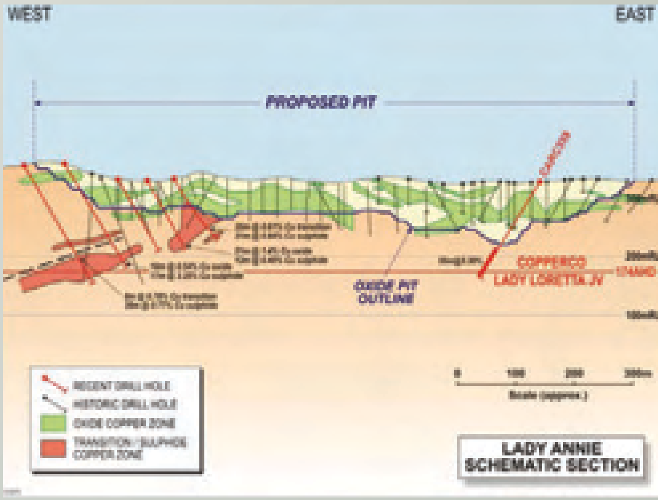


Figure 6: Lady Annie Schematic Section

Lady Brenda Oxide Copper Deposit

Lady Brenda is located approximately 300 metres to the southwest of the Lady Annie ore body and currently comprises a Measured, Indicated and Inferred Mineral Resource estimate of 5.0Mt at 0.6% Cu. Discovered in mid 2007 through surface soil geochemistry, this resource is open to the south. Surface mapping indicates a broad northeast trending structural control to mineralization.

EXPLORATION REPORT

Lady Annie Regional

A number of copper exploration targets have been identified in the vicinity of the Lady Annie Deposit, and within a broader regional area around the deposit. These targets were based on a review of previous exploration data, favourable structural and geological settings, results from soil geochemical and geophysical surveys, and the presence of surface oxide copper mineralisation.

Geochemical soil sampling anomalies have also been defined at various regional targets including Distal 1 (maximum 805ppm Cu), Distal 6 (110ppm Cu), Distal 7 (112ppm Cu), and the Galah Creek Syncline Prospect (196ppm Cu). None of these have yet been drill tested.

3. Mount Kelly Project

Mount Kelly comprises a series of semi contiguous ore bodies located 20 km south east of Lady Annie. Like Lady Annie, the Project has a long history of exploration and only limited exploitation (Figure 7). The main Mineral Resources identified in the project area to date comprise:

- the Mount Clarke copper deposit;
- the Flying Horse copper deposit,
- the Mount Kelly Workings copper deposit, and
- the Swagman copper deposit

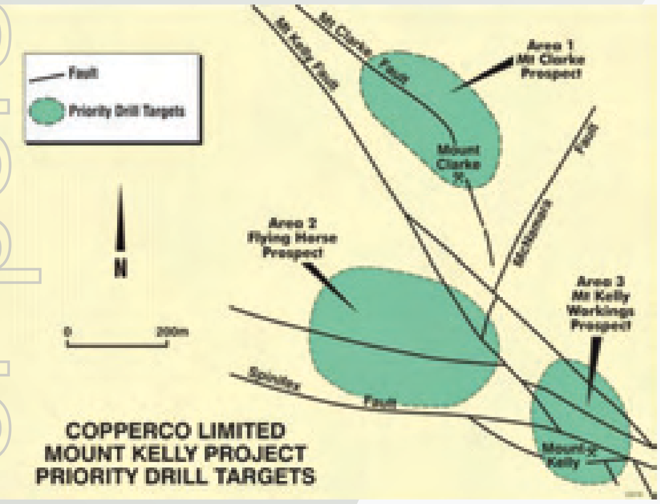


Figure 7: Mount Kelly Project Area

Mount Clarke Oxide Copper Deposit

The Mount Clarke oxide copper deposit is a sub-horizontal blanket, comprising dominantly malachite mineralisation of up to 35 metres in thickness, extending from surface to a depth of around 80 metres. The Mount Clarke oxide copper deposit is hosted within a northwesterly trending fault zone approximately 100 to 150 metres wide striking for over 700 metres. This fault is a first order splay off the regional northwest trending Mount Kelly fault. The Mount Clarke fault zone is characterised by close spaced subvertical shears within weakly laminated dolomitic siltstones.

Flying Horse Deposit

Located approximately 200 metres to the south of Mount Clarke, the Flying Horse resource covers a strike length of 700 metres and is up to 400 wide. Flying Horse is similar in mineralization style to Mount Clarke and is hosted within similar dolomitic siltstone sediments. Mineralisation is controlled by a series of sub parallel en-echelon shear zones trending west-northwest associated with a splay off the Mount Kelly fault. Oxide mineralisation remains open along structural extensions to the west and northwest of the currently defined mineralised area.

Mount Kelly Workings Deposit

Mount Kelly Workings is located approximately 100 metres to the southeast of Flying Horse. Oxide copper mineralisation is focused within the axial zone of a shallow plunging anticline where it is intersected by the north-northwest trending Mount Kelly fault and the west-northwest trending Spinifex thrust. Remobilisation of copper minerals is evident away from the controlling structures along bedding and axial cleavage planes.

EXPLORATION REPORT

Swagman Deposit

The Swagman deposit is the only non contiguous deposit within the Mount Kelly area. Located approximately 1.5 km to the south of Flying Horse, the Swagman mineralization is controlled by the Swagman Fault, a splay of the regional north-south trending McNamaras Fault. Whilst this zone of mineralisation is currently smaller than both Mount Clarke and Flying Horse, it is near surface and hosted within competent siltstones and sandstones. These host rocks are very similar to Mount Clarke and Flying Horse and boast excellent leach kinetics.

Flying Horse Sulphide Deposit

Significant primary copper-gold mineralisation has been outlined along the Mount Kelly Fault located to the immediate southwest of Mount Clarke and northeast of Flying Horse. Recent deeper drilling has identified an extensive zone of sulphide mineralization beneath Flying Horse. Sulphide mineralization is controlled by a series of sub parallel northwest trending structural faults and comprises dominantly chalcopyrite and lesser chalcocite hosted within carbonate dominated breccias. To date, extensive sulphide mineralization has been identified over 400 metres of strike, up to 400 metres wide between depths of 100 metres and 300 metres from surface.

Dividend Prospect

The Prospect is located 3 km east-southeast of the Mount Kelly mine and infrastructure. Drilling results are considered encouraging given the early stage of drill evaluation of the Prospect area.

Mount Kelly Regional Targets

At McLeod Hill, located 6 km from the Mount Kelly plant site, limited previous drilling was completed by CRA in the early 1990's along the McNamara Fault and returned oxide copper intersections of up to 16 metres at 2.82% Cu. This area is considered a high priority drill target during 2008.

The Lady Maggie Prospect is located approximately 15 km south of the plant site at Mount Kelly. A short drilling programme at the end of 2007 returned significant intercepts including 59 metres at 0.98% Cu from surface. Further drilling will be undertaken during the second half of 2008.

4. Buckley River Project

The Buckley River Project (CopperCo 100%) is located 70 km north of Mount Isa, and 45 km south of the Mount Kelly processing infrastructure. Buckley River forms a part of the global Lady Annie Copper Project.

Of some six targets at Buckley River, two prospect areas have been prioritised, namely the Anthill Prospect and the Johnson Creek Prospect. The Anthill Prospect has been the focus of resource definition drilling (Figure 8 and 9).

Recent resource definition drilling at Anthill has lead to the completion of an Indicated and Inferred oxide Mineral Resource of 3.9Mt at 1.1% Cu. The Mineral Resource is open to the southwest and to the northeast and further resource definition drilling will be undertaken in 2008.

5. Mount Isa Regional Projects

Kennedy Gap

The Kennedy Gap Project area comprises two EPMs surrounding the Buckley River Project. Previous exploration within the project area by various companies has outlined a number of base metal anomalies which have been subject to limited follow-up work. The Project area is currently at the early stage of evaluation.

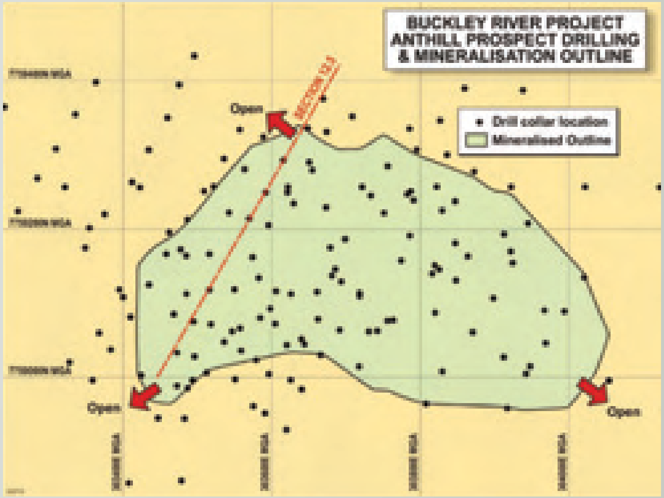


Figure 8: Buckley River Plan

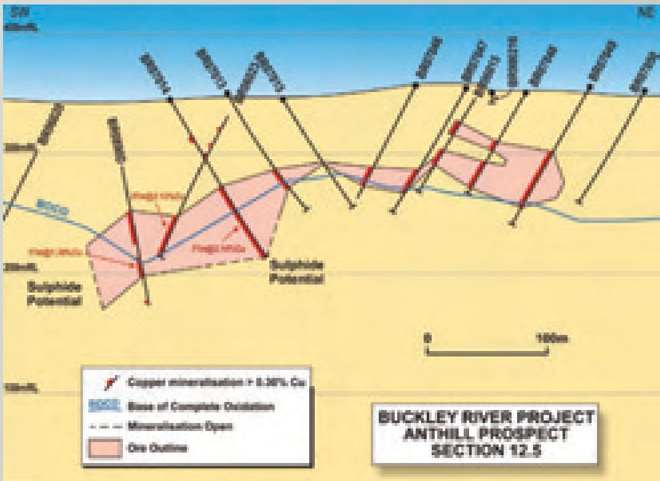


Figure 9: Buckley River Section

Wilfred Creek

The Wilfred Creek Project area, located to the southwest of the Buckley River Project, comprises two EPMs. The main prospect area is a magnetic feature extending for up to 7 km, referred to as the May Downs anomaly, related to a zone of pyrrhotite mineralisation in siltstone with associated elevated levels of lead-zinc and minor copper mineralisation.

Cattle Creek

The Cattle Creek Project area is a single EPM located between the Mount Kelly and Buckley River Project areas. The current exploration targets identified by Reefway include the Buckley Prospect, where copper anomalies associated with ferruginous outcrops have been identified and the Boomerang area which hosts some historic oxide copper workings.

EXPLORATION REPORT

5. Mount Isa Regional Projects (continued)

Redie Creek

The Redie Creek Project area is a single EPM application located to the immediate northeast of the Mount Kelly Project. Reefway has identified a number of copper targets within this tenement. Work completed at Redie Creek during the early part of 2008 has involved extensive soil geochemistry. Assay results indicate broad northwest trending anomalies up to 6.5 km in strike. Drilling is expected to commence late in 2008.

Mount Gordon Fault Zone

The Mount Gordon Fault Zone Project comprises the Investigator area, located to the south of the Mount Gordon Operation, and the Torpedo Creek area, located to the immediate north of Mount Gordon and to the south of the Mount Oxide copper deposit. The Investigator area comprises two EPMs. A further two EPMs make up the Torpedo area.

A comprehensive soil sampling programme across the Mt Gordon Fault corridor on the Investigator tenements during the year has identified several anomalous areas with peak results up to 1,075 ppm copper.

Limited electrical geophysical induced polarisation (IP) surveys have been completed in the area, comprising both dipole-dipole and gradient array techniques. Both techniques have identified high chargeability, low resistivity anomalies interpreted as possible sulphide bodies.

There are no known copper occurrences within the Torpedo area, which has been subject to limited previous exploration work. The main exploration targets comprise a copper-zinc stream sediment anomaly of 4 km² in area identified by CRA in 1995, an area of anomalous rock chip samples (up to 1,350 ppm Cu) and a number of conceptual targets associated with the Mount Gordon Fault.

Cameron River, Round Mount & Mount Birnie (Eastern Succession Tenements)

The Cameron River Project area is a single EPM and is located due west of the historic Mary Kathleen uranium mine. At the Black Rock (Pinnacle) Prospect, visible copper-oxide (malachite) mineralisation, assaying 0.85% to 7.4% Cu in outcrops and costeans over a 5 to 20 metres wide zone, occurs along a 50 to 70 metres high ridge for a distance of about 700 metres. Previous deeper RC drilling beneath the ridge intersected the mineralised zone 200 metres below the ridge outcrop and confirmed a 10 to 30 metres true width interval with low grade copper values (0.1-1.0%).

A first pass evaluation RC drill programme at the Black Rock West Prospect was completed late last year and has returned encouraging results that include 7 metres at 3.59% Cu from 21 metres. Follow up drilling will be conducted during the later part of 2008.

The Round Mount Project consists of two EMP's and is targeting Ernst Henry style copper mineralisation.

The Mount Birnie Project area comprises a single EPM. It targets the northern intrusion of the Tick Hill gold mine structure which also hosts anomalous copper values.

6. OTHER MINERAL INTERESTS

Toby Creek Joint Venture

Early in 2006, CopperCo entered into a Farm-in and Joint Venture Agreement with Xstrata Copper on their wholly owned Toby Creek property located 30 km southeast of Mount Isa. Toby Creek is a non core tenement for CopperCo, insofar as the potential for shallow oxide copper occurrences exist. However, CopperCo and Xstrata believe the tenement shows potential for Mount Isa style copper mineralisation, in addition to stratiform hosted zinc-lead silver mineralisation.

Work completed to the end of the reporting period comprised completion of a low level aeromagnetic/radiometric survey over the northern part of the tenement. An additional IP-resistivity survey was also completed outlining a coherent, moderate strength IP anomaly beneath a broad zone of haematite staining. These data sets were used to construct a 3D geological model. A single RC/diamond hole was completed with no significant mineralisation identified.

Laverton Downs gold-nickel project (97%)

CopperCo is currently examining options to sell its interest in the property.

Mr SJ Pooley (MAusIMM, MAIG), a geologist employed full-time by CopperCo Limited, compiled the technical aspects of this report. Mr Pooley is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Pooley consents to the inclusion in the report of the matters in the form and context in which it appears.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are Directors who were in office for this entire period unless otherwise stated:

Name	Qualifications	Experience
Keith Stuart Liddell Non Executive Chairman	BSc (Hons), MSc (Engineering), FAusIMM, CP (Metallurgy), CP (Management), C Eng (UK), Pr Eng (South Africa), FIE Aust, FSAIMM, MIMMM	Keith Liddell is an experienced metallurgical engineer and resource company manager, having worked exclusively in the minerals industry since 1980. During the past three years Mr Liddell has also served as a Director of the following other listed companies: Tianshan Goldfields Limited* Appointed 19/09/03 Mineral Securities Limited* Appointed 08/12/03 Platmin Ltd* Appointed 29/03/06 NiPlats Australia Limited* Appointed 28/05/02 Panoramic Resources Limited (formerly Sally Malay Mining Ltd) Appointed 02/02/01, Resigned 14/06/06 Australian Mines Limited Appointed 02/06/03, Resigned 13/10/05 *denotes current directorship
Brian James Rear Managing Director	AWASM (Metallurgy), MSc (London), DIC, MBL (SA), MAICD	Brian Rear has over 38 years technical and managerial resources experience. Mr Rear previously held the position of chief executive officer and Director of Straits Resources Limited from 1991 to 2002. During the past three years Mr Rear has also served as a Director of the following other listed companies: Zambezi Resources Limited* Appointed 21/05/04 South Boulder Mines Limited Appointed 14/08/02, Resigned 23/5/08 Copper Range Limited* Appointed 07/06/06 Australian Zircon NL Appointed 15/02/05 Resigned 28/04/06 *denotes current directorship
Richard John Basham Non Executive Director	FCA, SA Fin	Richard Basham was the Managing Partner of Grant Thornton Chartered Accountants until his retirement several years ago. During the past three years Mr Basham has also served as a Director of the following other listed companies: Mineral Sands Ltd* Appointed 23/03/07 Bone Medical Ltd Appointed 12/05/04, Resigned 31/03/06 *denotes current directorship

DIRECTORS' REPORT

Hon John Moore AO Non Executive Director	B.Comm, AAUQ	Hon. John Moore AO holds a Bachelor of Commerce and Associate in Accountancy from the University of Queensland. John has had a distinguished career in politics; he was the Minister for Defence, the Minister for Industry, Science & Tourism and Vice President of the Executive Council. Prior to entering politics, John was a stockbroker and member of the Brisbane Stock Exchange for 12 years. During the past three years Hon. Moore has also served as a Director of the following other listed companies: Herencia Resources Plc* Appointed 14/06/06 Mineral Securities Limited* Appointed 22/11/01 *denotes current directorship
Peter Patrikeos Non Executive Director	Barrister and Solicitor,	Peter Patrikeos is a barrister and solicitor, who during 40 years of legal practice has held senior legal positions within the Western Australian Government and has represented corporations both in private practice and as a senior internal counsel. For nine years to 1997, Peter was a partner in the national law firm, Freehills (formerly Freehill Hollingdale & Page). During the past three years Mr Patrikeos has also served as a Director of the following other listed company: Great Southern Plantations Ltd Resigned 01/07/05

COMPANY SECRETARIES

Phillipus Willem Hartog Joint Company Secretary	B.Bus, CIA, CPA	Phillip Hartog has in excess of 14 years experience in the resource sector and 5 years with international professional accounting firms Ernst & Young and Price Waterhouse.
Mark Graham Bolton Joint Company Secretary (Resigned on 25/02/2008)	B.Bus, Graduate Diploma in Applied Finance and Investment	Mark Bolton has over 13 years commercial and financial experience working within resource investment, banking and public accounting practice.

DIRECTORS' REPORT

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares and options over ordinary shares are:

	Number of Shares	Notes	Number of Options Over Ordinary Shares	Notes
Keith Liddell	24,665,698	(1)	1,500,000	(1)
Richard Basham	589,963	(2)	1,000,000	(2)
Brian Rear	7.631.548	(3)	3,000,000	(3)
Peter Patrikeos	15,000	(4)	-	
Hon John Moore AO	2,133,004	(5)	-	

Notes:

1. 542,736 of the shares are held by Tintron Pty Ltd as trustee for the Liddell Superannuation Fund of which Mr Liddell is a director and a beneficiary. 7,823,569 of the shares are held by Mr Liddell and his spouse of which 5,068,800 are Escrow shares. 16,299,393 are held in Mr Liddell's spouse's name.

   On 12 October 2006, the Company issued Mr Keith Liddell with 1,500,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.45 per share on or before 30 June 2010.

2. 407,157 of the shares are held by Hawea Pty Ltd as trustee for the RJ Basham Family Superannuation Fund of which Mr Basham is a beneficiary. 182,806 are held by Glenella Nominees Pty Ltd of which Mr Basham is a beneficiary.

   On 12 October 2006, the Company issued Mr Richard Basham with 1,000,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.45 per share on or before 30 June 2010.

3. 1,352,110 of the shares are held by Goldvance Pty Ltd as trustee for the BMR Trust of which Mr Rear is a director, shareholder and beneficiary. 2,279,438 of the shares are held by SRH Resources Pty Ltd ("SRH") as trustee for the SRH Provident Fund. Mr Rear is a director and shareholder of SRH and a beneficiary of the SRH Provident Fund. Mr Rear holds 4,000,000 shares in his name.

   On 12 October 2006, the Company issued Mr Brian Rear with 750,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.60 per share on or before 30 June 2010. The options provided to Mr Rear will only vest on copper production for the period 1 July 2008 to 30 June 2009 to be in accordance with or higher than budget.

   On 12 October 2006, the Company issued Mr Brian Rear with 750,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.55 per share on or before 30 June 2010. The options provided to Mr Rear has not vested as the performance hurdle of project operating costs for the period 1 July 2007 to 30 June 2008 to be at or lower than budget will be reviewed subsequent to the 2008 Year End Audit.

   On 12 October 2006, the Company issued Mr Brian Rear with 1,500,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.45 per share on or before 30 June 2010. The options provided to Mr Rear have vested as the sustainable production of cathode and deliveries of product is at or lower than budget capital expenditure as per the vesting conditions attached.

4. The shares are held by Arcadia Pty Ltd as trustee for the PJ & MA Patrikeos Superannuation Fund of which Mr Patrikeos is a beneficiary.

5. 1,010,000 the shares are held by Ralsten Pty Ltd, a company Hon. Moore holds a relevant interest in. 1,123,004 are held in his own name.

CORPORATE STRUCTURE

CopperCo Limited is a company limited by shares and is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal Activities of the consolidated entity during the course of the financial year consisted of exploration, evaluation, development and production of mineral deposits.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS

Highlights

- Lady Annie Operations was completed with the commissioning of the Electrowinning and Solvent Extraction facilities during the second quarter of the financial year.
- Lady Annie Operations crushed and stacked 2,006,052 tonnes of ore at a grade of 0.96% of which 11,082 tonnes of copper was produced during the last three quarters of the financial year.
- As of 30 June 2008 the estimated inventory of recoverable copper contained within the heap leach and in solution, and capable of being recovered within 12 months, was 6,049 tonnes of copper.
- Net revenue after accounting for hedge contracts were $82 million for 11,074 tonnes of copper sold.
- The Cash Cost (C1) for the year was US$1.08/lb at an exchange rate of AUS to USD of 0.8965.
- Lady Annie Operations gross profit of $42 million.
- Lady Annie Expansion Project commenced mid January 2008 and on completion will enable Lady Annie Operations to ramp up annual copper production to 30,000 tonnes cathode by mid calendar 2009. The expansion project remains on schedule and budget and will be completed at the end of September 2008.
- The Lady Annie Project Global Mineral Resource has increased from 33.1Mt at 0.8% Cu for 294,400 tonnes of contained copper (September 2007) to 40.5Mt at 0.8% Cu for 350,200 tonnes of copper (September 2008) with the later numbers taking in account the mining depletion at Mount Clarke and Flying Horse.

Lady Annie Operations

The Company has developed the Lady Annie Operations located 137 km north of Mount Isa in Queensland. Mining operations commenced at Mount Clarke in early May 2007 and first copper was produced in October 2007. The focus of mining activity remained on the Mount Clarke and Flying Horse mining area for the entire reporting period.

The Expansion Project entailed the implementation of additional Electrowinning and Solvent Extraction capacity and associated works to expand the existing operation's production capacity from 19,000tpa to 30,000tpa. The project remains on target to be completed within budget during September 2008.

Exploration Activity

CopperCo's objective post the Feasibility Study was to develop the resource base sufficiently to support an early upgrade of copper production capacity from 19,000 tonnes per annum to a minimum of 30,000 tonnes per annum through a clearly focused exploration and development programme during 2007 – 2008. This objective was achieved early in 2008 and underwrote the decision to proceed with the expansion.

The exploration focus now shifts to evaluation of the sulphide mineralisation below the copper oxide ore bodies at Lady Annie, Flying Horse and Anthill and the wider potential for nearby oxide copper potential in and around the designated ore bodies that constitute the mine project. The objective of this activity is to assess the potential to lift production beyond 30,000 tonnes per annum.

Through an aggressive exploration programme during January 2008 to June 2008 the Company focused exploration activity on defining Mineral Resource estimates at the Lady Annie Chalcocite area, below the Lady Annie oxide copper deposit, at the Flying Horse Extended area, immediately northwest of Flying Horse and the Lady Brenda area where an oxide copper resource was recently defined.

The global Mineral Resource estimate (Measured, Indicated and Inferred) currently defined for the project comprises a total of 40.5 million tonnes grading at 0.8% copper for 350,200 tonnes of contained copper which includes both oxide and sulphide mineralisation. The Resource has more than doubled compared with the Mineral Resource estimate for the inaugural Stage 1 project phase of 17.2 million tonnes grading 0.9% copper for 162,600 tonnes of copper. Seventy four percent of the current Mineral Resource is classified in the Measured and Indicated categories.

Ore Reserves and mine inventory (Reserves and Inferred resources within the pit outlines) have also significantly increased since Feasibility by 26% and 28% respectively. These figures include mining depletion from Mount Clarke and Flying Horse.

Operating Results for the year

The consolidated entity recorded an operating profit/ (loss) after income tax of $5,201,208 (2007: ($55,648,674)). No income tax is payable.

EMPLOYEES

The consolidated entity had 164 employees as at 30 June 2008 (2007: 118).

DIRECTORS' REPORT

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial period were as follows:

- CopperCo shareholders approved the merger of the Company with Mineral Securities Limited (MinSec), passing all resolutions to progress the merger at a General Meeting held 16 May 2008. The Company was offering 2.2 CopperCo shares for each MinSec share.
- Construction and Development finance requirements were as follows:
    - Raised $56 million in equity in 2 tranches @ 54 cents during March 2008 and April 2008.
    - Debt: $15 million secondary project finance facility executed with Macquarie Bank Limited and $15 million debt facility with Macquarie Bank Limited, LinQ Capital, Bell Co Pty Ltd and Simon Moore.
- To manage forward copper pricing risk and to ensure CopperCo's medium term revenue achieves business plan objectives the company put in place a hedge programme to manage copper price risk and foreign currency exposure. The Hedge programme consists of copper forward sale contracts for 34,100 tonnes at A$7,054/tonne commencing January 2008 through to July 2010 for 1,100 tonnes per month and a further 7,200 tonnes at A$7,940/tonne commencing April 2009 through to July 2010 for 450 tonnes per month.
- In the current year mining activities were at the Mount Clarke and Flying Horse ore body at Lady Annie Operations.
- Commissioning during the second quarter of the 2008 Financial Year of the Lady Annie Project to produce LME Grade "A" copper cathode for export.
- The Lady Annie Expansion Project commenced mid January 2008 and on completion will enable Lady Annie Operations to ramp up annual copper production to 30,000 tonnes cathode per year by mid calendar 2009.

SIGNIFICANT EVENTS AFTER BALANCE DATE

CopperCo's offer for Minsec was declared unconditional on 4 August 2008 and was successfully closed on 2 September 2008 with CopperCo holding approximately 94.7% of Minsec shares on issue. The proposed merger of the two groups will create a diversified, global resources company with a greater equity market presence and strengthened balance sheet. Key assets of the combined group will include:

- Lady Annie Operations (100%), Mt Isa, Queensland, Australia: Utilising heap leach SX-EW technology, the project is currently producing at a rate of 19,000 tpa copper cathode, and is an expansion phase which will see production increase progressively from the December quarter to 30,000 tpa by mid-2009. The Company has oxide copper Ore Reserves of 15.2Mt at 0.93% Cu (141,730 tonnes of contained metal) from a total Mineral Resources of 40.5Mt at 0.80% Cu (350,200 tonnes of contained metal). These figures include mine depletion from Mount Clarke and Flying Horse. Substantial sulphide resources have already been identified and the Company ultimately expects to develop a concurrent sulphide processing production stream.
- Platmin (17.52%), South Africa: Attributable PGM resources of 17.13 million ounces. Pilanesburg Project in construction phase with first production scheduled for 2009 and future production at the rate of 250,000 oz PGM pa. Two other projects, Mphahlele and Grootboom, are currently being evaluated for additional production.
- Tianshan Gold Project (27.6%), China: A substantial low grade heap-leachable gold deposit has been identified with potential for higher grade feeder zones. Feasibility studies are in progress.
- Lady Loretta (25%), Mt Isa, Queensland, Australia: A high grade zinc-lead-silver deposit located immediately adjacent to CopperCo's Lady Annie Copper Project. Total resources of 13.7Mt at 17% Zn, 5.4% Pb and 96g/t Ag. Some synergies for development exist with the Lady Annie Copper Project Operations nearby.
- Sappes Gold Project (100%), Greece: Project awaiting permitting for construction and development. Target production of 100,000 oz of gold per annum.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board through commissioned independent review and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. The directors are not aware on any breaches of the legislation that have not been reported and rectified during the period covered by this report.

DIRECTORS' REPORT

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 49,030,000 unissued ordinary shares under options (48,580,000 at the reporting date). Refer to Note 24 of the financial statements for further details of the options outstanding. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

Shares issued as a result of the exercise of options

During the financial year and since the end of the financial year, one current director, one former director and one former executive have exercised 7.3 million options at $0.20 resulting in an issue of 7.3 million ordinary shares.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will actively pursue its copper development strategy through targeting extension of mine life on the oxide leach phase and the establishment of a sulphide resource sufficient to support a lift in copper output to approximately 50,000tpa by 2010 to 2011.

The merger with Minsec places CopperCo in a position to grow through strengthening the balance sheet, becoming more relevant in the equities market, lowering gearing materially and bringing together a core group of people with skills and experience across all the elements of the business.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Director and Officer Protection Deeds ("D&O Deed") with each Director and the Company Secretaries ("Officers"). Under the D&O Deed, the Company indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the Officers in connection with the Officers being an Officer of the Company, the employment of the Officer with the Company or a breach by the Company of its obligations under the D&O Deed. Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all Board papers relevant to defending any claim brought against the Officers in their capacity as Officers of the Company.

The Company has paid insurance premiums of $83,411 (2007:$62,334) in respect of liability for any current and future Directors, Company Secretaries, executives and employees of the Company. This amount is payable in total and no specific amount is included in the Directors' remuneration.

REMUNERATION REPORT (Audited)

The remuneration report outlines the remunerations arrangements in place for the directors and executives of the Company and the Group in accordance with the Corporations Act 2001 and its Regulations. For the purpose of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activity of the company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and Group receiving the highest remuneration.

Details of Key Management Personnel

(i) Directors

K.S. Liddell	Chairman
R.J. Basham	Director (non-executive)
B.J. Rear	Managing Director (executive)
Hon. J.C. Moore AO	Director (non-executive)
P. J. Patrikeos	Director (non-executive)

REMUNERATION REPORT (Audited) (continued)

(ii) Executives

S. Pooley	General Manager – Exploration and Business Development
P. Hartog	Chief Financial Officer / Company Secretary
B. Deans	General Manager – Operations
P. Martinkus	Site General Manager
R. Jones	Project Manager – Engineering

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Significant portion of executive remuneration "at risk", dependent upon meeting pre-determined performance benchmarks.

Remuneration Committee

The Remuneration Committee of the Board of Directors of CopperCo Limited is responsible for determining and reviewing compensation arrangements for the Directors and executives, considering external market surveys. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such Officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such Officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive Directors' and Officers' emoluments to the Company's financial and operational performance.

In addition, all executives may be granted annual bonuses or options at the discretion of the Remuneration Committee and upon the increase in shareholder wealth resulting from the Company's increase in market capitalisation and achievement of annual corporate profitability measures, the most important being return on shareholder's equity.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director, senior manager and executive Director's remuneration is separate and distinct.

Non-executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 13 November 2007 when shareholders approved an aggregate remuneration of $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Each Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board Committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by Directors who serve on one or more subcommittee.

Non-executive Directors are encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the Company on whose Board he or she sits. The non-executive Directors of the Company can participate in the Employee Share Incentive Plan which provides incentives where specified criteria are met or to ensure non-executive Directors remuneration is competitive by market standards.

The remuneration of non-executive Directors for the period ending 30 June 2008 is detailed on page 22 of this report.

Senior managers and executive Director's remuneration

Objective

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance, against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the achievement of the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level of make-up of executive remuneration, the Remuneration Committee engaged an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration; and
- Variable Remuneration.

The proportion of fixed remuneration and variable remuneration (short and long term incentives) is established for each senior manager and executive Director by the Remuneration Committee.

In ensuring remuneration is competitive with market standards and as recognition of the development of the Lady Annie Project, five of the senior managers received cash bonuses for the financial period ended 30 June 2008.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

Senior managers and executive Directors are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Currently the Company has 5 senior managers and their fixed remuneration component is detailed in on page 22. The fixed remuneration component of executive Directors for the period ending 30 June 2008 is also detailed on page 22 of this report.

REMUNERATION REPORT (Audited) (continued)

Variable Remuneration – Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward senior managers and executive Directors in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

The nature and amount of options and bonuses granted are based on individual contributions and levels and external benchmarking based on salary surveys from McDonald and Company (Australasia) Pty Ltd. Options granted as part of executive remuneration have been valued using a Binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free rate, expected dividends on the underlying share, current market price on the underlying share and the expected life of the option. The bonuses were granted in March 2008 as recognition of the contribution of individuals for the successful completion of the Lady Annie Project.

Structure

LTI grants to executives are delivered in the form of options. The Company grants options resulting from a recommendation by the Remuneration Committee who assessed the appropriateness of the nature and amount of emoluments of such senior managers and executive directors by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive team. Accordingly, the majority of options do not have performance conditions attached. With respect to options issued to Mr Rear, the performance condition is linking to performance hurdles including completion of The Lady Annie Project and achievement of budgeted costs which are considered to be most appropriate. These rewards are also linked to the increase in shareholder wealth resulting from the Company's increase in market capitalisation. Board policy prohibits directors from hedging options.

Employment contracts

The Managing Director, Mr Rear, is employed under contract. The current employment contract commenced on 16 June 2004. Under the terms of the present contract:

- Mr Rear may resign from his position and thus terminate this contract by giving 6 months written notice. On resigning, any options will be forfeited.
- The Company may terminate this employment agreement by providing 12 months' written notice or provide payment in lieu of the notice (based on the fixed component of Mr Rear's remuneration). On termination on notice by the Company, any LTI options that have vested, or will vest during the notice period will be released. LTI options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Each non executive director receives a fee for being a director of CopperCo. An additional fee is also paid for each board committee on which each director sits. Non executive directors are entitled to reimbursement for all reasonable out of pocket expenses properly incurred by them on CopperCo business.

All other executives have entered into employment agreements with CopperCo. Either CopperCo or the executive may terminate the agreement by giving four weeks notice (or by CopperCo providing remunerations in lieu of such notice). CopperCo may also terminate the agreement without notice for cause. In addition, all executives are entitled to participate in all of the CopperCo Incentive Schemes.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Compensation of Key Management Personnel for the year-ended 30 June 2008 (Consolidated and Parent)

	SHORT TERM			POST EMPLOYMENT	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED
	Salary & fees	Cash Bonus	Non monetary	Superannuation	Options		
Directors							
K.S. Liddell	75,000[1]	-	-	-	-	75,000	-
R.J. Basham	50,459	-	-	4,541	-	55,000	-
B.J. Rear	415,834	33,333[2]	8,184	37,425	153,136	647,912	29%
P.J. Patrikeos	47,706	-	-	4,294	-	52,000	-
Hon J.C. Moore AO	41,284	-	-	3,716	-	45,000	-
Executives							
P. Martinkus	252,294	33,333[2]	-	22,706	-	308,333	11%
S. Pooley	260,000	33,333[2]	-	23,400	-	316,733	10%
P. Hartog	260,000	33,333[2]	-	23,400	-	316,733	10%
B. Deans	210,000	33,333[2]	-	18,900	-	262,233	13%
R. Jones	196,808	33,333[2]	-	22,374	-	252,515	13%
	1,809,385	199,998	8,184	160,756	153,196	2,331,459	-

Note:

1. Mineral Securities Limited receives these fees for Mr K S Liddell's services provided to CopperCo as a Non-Executive Director.
2. The bonuses were granted in March 2008 as recognition of the contribution of individuals for the successful completion of the Lady Annie Project.

Compensation of Key Management Personnel for the year-ended 30 June 2007 (Consolidated and Parent)

	SHORT TERM			POST EMPLOYMENT	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED
	Salary & fees	Cash Bonus	Non monetary	Superannuation	Options		
Directors							
K.S. Liddell	80,250[1]	-	-	-	315,000	395,250	-
R.J. Basham	50,459	-	-	4,541	210,000	265,000	-
B.J. Rear	364,947	-	5,719	29,824	577,500	977,990	59%
P.J. Patrikeos	27,383	-	-	2,465	-	29,848	-
Hon J.C. Moore AO	25,195	-	-	-	-	25,195	-
S.E. Blackman	-	-	-	-	7,612	7,612	-
Executives							
P. Martinkus	190,000	-	-	17,100	140,000	347,100	-
S. Pooley	190,000	-	-	17,100	224,000	431,100	-
P. Hartog	190,000	40,000[2]	-	17,100	224,000	471,100	8%
B. Deans	190,000	-	-	17,100	140,000	347,100	-
R. Jones	226,000	-	-	20,340	140,000	386,340	-
	1,534,234	40,000	5,719	125,570	1,978,112	3,683,635	

Note:

1. Mineral Securities Limited receives these fees for Mr K S Liddell's services provided to CopperCo as a Non-Executive Director.
2. The bonus was granted in December 2006 to Mr Phillip Hartog to ensure his remuneration is competitive with market standards and as recognition of past performance.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Compensation options: Granted and vested during the year

During the financial year ended 30 June 2008 no options were granted as equity compensation benefits to any Directors or executives.

During the previous financial year options were granted as equity compensation benefits to certain specified Directors and specified executives. The options were issued free of charge.

TERMS & CONDITIONS FOR EACH GRANT

	Vested number	Granted number	Grant date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry date	First exercise date	Last exercise date
30 June 2008								
B. Rear	1,500,000	1,500,000	12/10/2006	0.21	0.45	30/06/2010	-	Performance related
B. Rear	-	750,000	12/10/2006	0.18	0.55	30/06/2010	-	Performance related[1]
B. Rear	-	750,000	12/10/2006	0.17	0.60	30/06/2010	-	Performance related[1]
R. Basham	1,000,000	1,000,000	12/10/2006	0.21	0.45	30/06/2010	12/10/2006	30/06/2010
K. Liddell	1,500,000	1,500,000	12/10/2006	0.21	0.45	30/06/2010	12/10/2006	30/06/2010
S. Pooley	-	800,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
P. Hartog	-	800,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
B. Deans	-	500,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
P. Martinkus	-	500,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
R. Jones	-	500,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
Total	4,000,000	8,600,000						
30 June 2007								
B. Rear	-	1,500,000	12/10/2006	0.21	0.45	30/06/2010	-	Performance related[2]
B. Rear	-	750,000	12/10/2006	0.18	0.55	30/06/2010	-	Performance related[2]
B. Rear	-	750,000	12/10/2006	0.17	0.60	30/06/2010	-	Performance related[2]
R. Basham	-	1,000,000	12/10/2006	0.21	0.45	30/06/2010	12/10/2006	30/06/2010
K. Liddell	-	1,500,000	12/10/2006	0.21	0.45	30/06/2010	12/10/2006	30/06/2010
S. Pooley	800,000	800,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
P. Hartog	800,000	800,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
B. Deans	500,000	500,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
P. Martinkus	500,000	500,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
R. Jones	500,000	500,000	17/07/2006	0.28	0.37	18/07/2011	17/07/2006	18/07/2007
Total	3,100,000	8,600,000						

Note:

1. Not vested at 30 June 2008.
2. Not vested at 30 June 2007.

REMUNERATION REPORT (Audited) (continued)

Options granted as part of remuneration

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
B. Rear	-	2,275,000	-	23

For details of the valuation of options, including models and assumptions used, please refer to Note 24.

There were no alternations to the terms and conditions of options granted as remuneration since their grant date.

There were no forfeitures during the period.

Shares issued on exercise of compensation options

	Shares issued No.	Price paid per share $	Unpaid price per share $
B. Rear	5,000,000	0.20	-

Company Performance

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
Basic profit (loss) per share (cents)	1.16	(15.930)	(0.197)	(0.183)	(0.130)

END OF REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings	Audit Committee Meetings	Remuneration Committee
Number of meetings held:	8	2	1
Number of meetings attended:			
Keith Liddell	8	-	1
Richard Basham	8	2	1
Brian Rear	8	-	-
Hon John Moore AO	8	-	-
Peter Patrikeos	8	2	-

DIRECTORS' REPORT

Committee membership

As at the date of this report, the Company had an Audit Committee and a Remuneration Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Audit	**Remuneration**
Richard Basham (c)	Richard Basham (c)
Peter Patrikeos	Keith Liddell

Note: (c) Indicates the Chairman of the Committee

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of CopperCo Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained in the following section of this annual report.

COMPLIANCE STATEMENT (EXPLORATION REPORT)

Mr SJ Pooley (MAusIMM, MAIG), a geologist employed full-time by CopperCo Limited, compiled the technical aspects of this report. Mr Pooley is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Pooley consents to the inclusion in the report of the matters in the form and context in which it appears.

AUDITORS INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the Directors of CopperCo with an Independence Declaration in relation to the review of the annual financial report. This Independence Declaration is set out on page 26 and forms part of this report.

NON-AUDIT SERVICES

Non-audit services were provided by the entity's auditors, Ernst & Young as per Note 26. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the Directors.

Keith Liddell

Chairman

Dated at Perth, 24 September 2008

INDEPENDENCE DECLARATION

AUDITORS INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received the following declaration from the auditor of CopperCo Limited.

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Auditor's Independence Declaration to the Directors of CopperCo Limited

In relation to our audit of the financial report of CopperCo Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
Perth

24 September 2008

[illegible]

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDIT REPORT

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Independent auditor's report to the members of CopperCo Limited

Report on the Financial Report

We have audited the accompanying financial report of CopperCo Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

INDEPENDENT AUDIT REPORT

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of CopperCo Limited is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the financial position of CopperCo Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 17 of the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CopperCo Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

Inherent Uncertainty Regarding Continuance as a Going Concern

Without qualification to the opinion above, attention is drawn to the following. As a result of the matters described in Note 2 Going Concern, there is significant uncertainty whether the company and the consolidated entity will be able to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at amounts stated in the financial report. The financial report of the company and the consolidated entity do not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as going concerns.

Ernst & Young

G H Meyerowitz
Partner
Perth

24 September 2008

DIRECTORS DECLARATION

In accordance with a resolution of the Directors of CopperCo Limited, I state that:

(1) In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2008.

Signed in accordance with a resolution of the Directors.

Keith Liddell

Chairman

Dated at Perth, 24 September 2008

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Corporate Governance

The Australian Stock Exchange ("ASX") Listing Rules ("Listing Rules") require a listed entity to include in its annual report a statement on corporate governance practices disclosing the extent to which it has followed the "best practice" corporate governance recommendations set by the ASX Corporate Governance Council. If the entity has not followed any of the recommendations, it must identify them and give reasons why. It must state the period during which the recommendations were followed. For this purpose, Listing Rules Guidance Note 9A sets out the 10 essential corporate governance principles and the applicable "best practice recommendations".

Listing Rule 4.10.3 and Guidance Note 9A reflect ASX policy that it is "appropriate to focus on disclosure of corporate governance practices rather than prescribe adoption of a particular practice". Therefore, an entity's obligation is to highlight areas of departure from the recommendations: the "if not, why not?" approach.

The Board and senior management of CopperCo Limited (the "Company") are committed to acting responsibly, ethically and with high standards of integrity as the Company works to create shareholder value. To achieve this goal, the Board has developed and adopted corporate governance practices and policies that have been implemented throughout management and governance. This Corporate Governance Statement summarises these practices as they have been adopted the Company.

The Board of the Company has reviewed and considered this Corporate Governance Statement and has adopted it. A Board resolution to this effect has been passed.

The Company has not elected to early adopt and report against the Revised Principles in the annual report for the year ending 30 June 2008.

Summary of Compliance

The Company has complied with 18 of the 28 "best practice recommendations". Non-compliance with 10 recommendations relates to the Board considering it appropriate to not separately constitute a nomination committee, the Board not having a majority of independent Directors an independent chairman, the Audit Committee consisting of only two Directors and the Company not making certain information publicly available. The Board deals with matters that would be dealt with by a nomination committee and it considers the make-up of the Board and its Audit Committee and its chairperson are appropriate given the Company's size and operations and the current Directors' skills and experience. The effectiveness of the Board is achieved through knowledge and experience specific to the business and industry in which it operates. The Board has reviewed the make up of the Board and restructured accordingly. The Company intends to make each of its codes and policies publicly available on its website.

ESSENTIAL PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Principle 1: Lay Solid Foundations for Management and Oversight

"***Recognise and publish the respective roles and responsibilities of the Board and management***"

Recommendation 1.1: *Formalise and disclose the functions reserved to the Board and those delegated to management.*

The Board adopted a statement of roles, functions and responsibilities in June 2004.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities include setting strategic and policy direction, monitoring performance against strategy, identifying principal risks and opportunities and ensuring risk management systems are established and reviewed, approving and monitoring financial reports, capital management, compliance, significant business transactions and investments, appointing senior management and monitoring performance, remuneration, development and succession, adopting procedures to ensure the business of the Company is consistent with Company values, continuous disclosure compliance, ensuring effective shareholder communication, overseeing the Company's commitment to sustainable development and the environment, ensuring the Board remains appropriately skilled, reviewing and approving corporate governance systems and enhancing and protecting the Company's reputation.

The Board is also governed by the Company's Constitution, and on appointment each Director is provided with a Director's Information Kit, which forms part of the terms of their appointment and contains guides to Directors' duties and responsibilities, the role of the Board and committees, the Constitution and the Company's policies.

The Board has delegated the authority and responsibility to manage and administer the Company's general operations to its Managing Director and its financial operations to its chief financial officer. The Company has in place formal letters of engagement for its senior management, setting out the responsibilities specifically delegated to them.

Principle 2: Structure the Board to Add Value

"***Have a Board of an effective composition size and commitment to adequately discharge its responsibilities and duties***"

CORPORATE GOVERNANCE STATEMENT

***Recommendation 2.1**: A majority of the Board should be independent Directors.*

The Company did not have a majority of independent Directors on the Board.

As at the end of the 2007 – 2008 year, the Company had five Directors, Keith Liddell, Brian Rear, Richard Basham, Hon John Moore AO and Peter Patrikeos. Details of the Directors are set out in the Company's annual report. At present both, Mr Basham, and Mr Patrikeos are considered to be independent under the ASX Corporate Governance Council's definition of independence. Mr Liddell is not considered to be independent as he was employed in an executive capacity by the Company as Executive Director and is executive chairman of Mineral Securities Limited, a substantial shareholder in the Company. Mr Rear is not considered to be independent as he is employed in an executive capacity by the Company. Hon Moore is not considered to be independent as he is non executive deputy chairman of Mineral Securities Limited, a substantial shareholder in the Company. However, the Board considers the current make-up of the Board is acceptable due to the Company's and the Board's size and the relevant experience of the current Directors. The Board has also adopted procedures intended to ensure independent decision making occurs, including the requirement for Directors to absent themselves from discussions in which they have a conflict of interest and the functioning of the Remuneration and Audit Committees.

***Recommendation 2.2**: The chairperson should be an independent Director.*

The chairperson, Mr Liddell, was not independent, as set out above, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role and Mr Basham acts as lead independent Director.

***Recommendation 2.3**: The roles of the chairperson and chief executive officer should not be exercised by the same individual.*

The Company's chairperson is Mr Liddell and Mr Rear is the Managing Director.

***Recommendation 2.4**: The Board should establish a nomination committee.*

The Board has not established a nomination committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential Directors before any appointment is made.

***Recommendation 2.5**: Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

The Company's non-executive Directors have the right, at the Company's cost, to seek independent professional advice in carrying out of their duties as Directors. The Company has not included on its website information on procedures for the selection and appointment of new Directors as these procedures are not formalised.

Principle 3: Promote Ethical and Responsible Decision- Making

"*Actively promote ethical and responsible decision making*"

***Recommendation 3.1**: Establish a code of conduct to guide Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:*
***3.1.1** – the practices necessary to maintain confidence in the Company's integrity; and*
***3.1.2** – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has adopted a Code of Conduct setting the standards expected of officers, employees and contractors and demonstrate the Company's commitment to conducting business in an ethical and accountable manner. In essence, officers, employees and contractors are expected to act in good faith with the utmost honesty, integrity, objectivity and fairness, not to act improperly, misleadingly or deceptively or engage in illegal activity, understand and comply with applicable laws and Company policies, avoid conflicts of interest, be professional, responsible and accountable, respect an individual's rights and deal responsibly with the community.

The Board monitors implementation of the Code. Breaches are reported by employees or contractors to a supervisor and by management or Directors to the Board or the chairperson. In addition, the Director's Information Kit provided to each Director contains a guide to the duties and responsibilities of Directors.

***Recommendation 3.2**: Disclose the policy concerning trading in company securities by Directors, officers and employees.*

The Company has in place a trading policy, "A Guide to Dealing In Securities", a copy of which is included in the Director's Information Kit provided to each Director. A copy of this policy is also provided to all officers and employees of the Company.

The trading policy imposes certain restrictions to prevent breaches of the insider trading provisions of the Corporations Act 2001 (Cth). The key aspects of it are that:

- trading in Company securities is only permitted on specific approval from the Company's chairman to deal within a specified time period and trading range;
- no trading is permitted where a Director, officer or employee is in possession of information which if generally available, a reasonable person would expect to have a material effect on the price or value of the securities, or for a period of 2 days after a public company announcement relating to that information; and
- active dealing in the Company's securities to derive income is not permitted.

CORPORATE GOVERNANCE STATEMENT

The trading policy was adopted before the current year and is reviewed annually. The insider trading prohibition is also notified officers and employees at least annually.

Recommendation 3.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*

A summary of both the Company's Code of Conduct and its trading policy were not included on the Company's website but the Company does intend to do so.

Principle 4: Safeguard Integrity in Financial Reporting

"*Have a structure to independently verify and safeguard the integrity of the Company's financial reporting*"

Recommendation 4.1: *Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.*

The Company's Managing Director and chief financial officer provide this statement.

Recommendation 4.2: *The Board should establish an Audit Committee.*

An Audit Committee was established by the Board prior to the 2003 – 2004 year.

Recommendation 4.3: *Structure the Audit Committee so that it consists of:*
- *only non-executive Directors*
- *a majority of independent Directors*
- *an independent chairperson, who is not chairperson of the Board*
- *at least three members.*

The Company's Audit Committee comprises Mr Patrikeos and Mr Basham, who currently acts as chairperson. The Audit Committee currently consists only of non-executive Directors, it does have a majority of Directors who are independent and it has only two members, not three. However, it does currently have an independent chair who is not chairperson of the Board. The Board considers this to be acceptable due to the size of both the Company and Board.

Recommendation 4.4: *The Audit Committee should have a formal charter.*

The Audit Committee's Charter sets out the duties of the Committee, which includes being the focal point of the communication between the Board, management and the external auditor, recommend engagement and monitor performance of the external auditor, review external audit reports and ensure prompt remedial action, review the effectiveness of management information and internal control, all areas of significant financial risk and risk management, significant transactions not a normal part of the Company's business, financial information and ASX reporting statements, monitor internal controls and compliance and review the disclosure policy annually.

Recommendation 4.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 4.*

The Audit Committee's Charter is not included on the Company's website but the Company does intend to do so. The names of the members of the Audit Committee and their qualifications are set out in the Company's Annual Report. However, the Company has not included on its website information on procedures for the selection and appointment of the external auditor, or rotation of external engagement partners, as these procedures are not formalised. The Board reviews these matters on an ongoing basis and implements changes when it considers changes are required.

Principle 5: Make Timely and Balanced Disclosure

"*Promote timely and balanced disclosure of all material matters concerning the Company*"

Recommendation 5.1: *Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.*

The Company has in place a continuous disclosure policy, "A Guide to Disclosure", a copy of which is included in the Director's Information Kit provided to each Director upon appointment, and which forms part of the terms of their appointment. A copy of the policy is also provided to all Company officers, employees and agents.

In addition, a list of recent announcements is presented to each Board meeting for discussion, minuting and action, if required. The continuous disclosure policy aims:

- to assess information and co-ordinate the timely disclosure to the ASX;
- provide an audit trail of decisions regarding disclosure; and
- ensure employees, consultants and agents of the Company understand the obligation to bring relevant information to the attention of the chairperson.

The Company's continuous disclosure policy was adopted before the current year and is reviewed at least annually. The Company's continuous

CORPORATE GOVERNANCE STATEMENT

disclosure obligations are brought to the attention of all officers, employees and agents at least once a year.

Recommendation 5.2*: Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 5.*

A summary of the continuous disclosure policy is not included on the Company's website but the Company does intend to do so.

Principle 6: Respect the Rights of Shareholders

"***Respect the rights of shareholders and facilitate the effective exercise of those rights***"

Recommendation 6.1*: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

The Company has in place a communications policy, a copy of which is included in the Director's Information Kit provided to each Director upon appointment. The policy reflects the Company's commitment to dealing fairly, transparently and promptly with shareholders, encouraging and facilitating participation at meetings and dealing promptly with enquiries. The key aspects of the policy are:

- diligent compliance with the Company's disclosure and trading policies;
- prompt, transparent compliance with statutory reporting and meeting obligations, including detailed and full disclosure in relation thereto; and
- effective use of the Company's website, electronic communication and its share registry to keep shareholders up to date and to deal with enquiries.

The communications policy was adopted in June 2004 and is reviewed annually.

Recommendation 6.2*: Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.*

The Company requests that its external auditor attends its annual general meeting.

Principle 7: Recognise and Manage Risk

"***Establish a sound system of risk oversight and management and internal control***"

Recommendation 7.1*: The Board or appropriate committee should establish policies on risk oversight and management.*

The Company has in place a risk oversight and management policy, a copy of which is included in the Director's Information Kit provided to Directors upon appointment and which sets out systems for risk oversight, management and internal control.

This risk management policy was adopted in June 2004. The key aspects of it are:

- the Board oversees the establishment and implementation of risk management;
- the Audit Committee is delegated the function and responsibility to establish, implement and maintain risk management systems and frameworks; and
- the Company's senior management are delegated the tasks of management of operational risk and the implementation of risk management strategies.

The Board approves risk management systems and reviews them and their implementation annually. The Company's risk profile, assessed and determined on the basis of the Company's businesses in mineral exploration, evaluation and development and production of mineral deposits, is reviewed annually. The Board regularly considers risk management at its meetings.

The Company's risk management systems and control frameworks include the Board's ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the Board, regular presentations to the Board by management on the management of risk, approval procedures for significant capital expenditure above threshold levels, the functioning of the Audit Committee, comprehensive written policies on specific activities and corporate governance, regular communication between Directors on compliance and risk and consultation and review between the Board and external accountants.

Recommendation 7.2*: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state to the Board in writing that:*

7.2.1 – the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

7.2.2 – the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company's Managing Director and chief financial officer provide this statement.

CORPORATE GOVERNANCE STATEMENT

Recommendation 7.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 7.*

A description of the Company's risk oversight and management policy and internal compliance and control system is not included on the Company's website but the Company does intend to do so.

Principle 8: Encourage Enhanced Performance

"*Fairly review and actively encourage enhanced Board and management effectiveness*"

Recommendation 8.1: *Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.*

The Company has adopted self-evaluation processes to measure Board performance. The performance of all Directors is assessed through analysis, review and specific discussion by the Chairman of issues relating to individual Directors' attendance at and involvement in Board meetings, interaction with management, performance of allocated tasks and any other matters identified by the Chairman or other Directors. Evaluation of Committees is conducted on a similar basis. Due to the Board's assessment of the effectiveness of these processes, the Board has not formalised qualitative performance indicators to measure Director's performance. Evaluation of key executives is carried out by the Chairman by ongoing monitoring of management and Company performance and the functioning of the Remuneration Committee.

The Company aims to facilitate Director performance by provision of the Director's Information Kits to Directors upon their appointment. New Directors are also provided with detailed information relating to Company operations and procedures.

Principle 9: Remunerate Fairly and Responsibly

"*Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined*"

Recommendation 9.1: *Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to Directors and key executives and corporate performance.*

The Company's remuneration policies are reflected in the Charter of the Remuneration Committee. These policies are to establish competitive remuneration, including performance incentives, consistent with long term development and success, to ensure remuneration is fair and reasonable, taking into account all relevant factors, and within appropriate controls or limits, ensure performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

Recommendation 9.2: *The Board should establish a remuneration committee.*

A Remuneration Committee was established by the Board prior to the 2003 – 2004 year. A majority of the members of the Committee are required to be non-executive Directors and it is required to be chaired by the lead non-executive Director. The Committee's duties include supervising employment and human resources, recommending remuneration for executive Directors and senior employees and for non-executive Director remuneration within approved limits, assisting executive Directors develop remuneration arrangements and reviewing executive succession and development.

Recommendation 9.3: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

The aggregate remuneration to non-executive Directors will not exceed the maximum amount approved by the Company's shareholders in annual general meeting.

Recommendation 9.4: *Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.*

Equity-based executive remuneration is made in accordance with the equity scheme approved by shareholders.

Recommendation 9.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 9.*

The Remuneration Committee's Charter is not included on the Company's website. The names and qualifications of the members of the Remuneration Committee, and their attendance at Committee meetings, are set out in the Company's Annual Report.

Principle 10: Recognise the Legitimate Interests of Stakeholders

"*Recognise legal and other obligations to all legitimate stakeholders*"

Recommendation 10.1: *Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.*

As set out in relation to best practice recommendation 3.1, the Company has adopted a Code of Conduct setting standards expected of officers, employees and contractors.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008		CONSOLIDATED		PARENT	
	Notes	2008 $	2007 $	2008 $	2007 $
CONTINUING OPERATIONS					
Revenue	4(a)	81,788,675	16,353	2,000,000	30
Cost of goods sold	4(b)	(39,825,635)	-	-	-
Gross profit		41,963,040	16,353	2,000,000	30
Other income	4(c)	561,609	1,960,969	356,531	1,839,517
Expenses					
Selling and marketing expenses		(2,249,776)	-	-	-
Finance costs	5(a)	(16,342,894)	(6,782,423)	(186,708)	(6,007,200)
Administration expenses	5(b)	(7,636,148)	(9,767,168)	(7,053,218)	(5,657,658)
Other expenses	5(c)	(4,775,379)	(62,499,641)	(2,287,286)	(78,471,143)
PROFIT (LOSS) BEFORE INCOME TAX		11,520,452	(77,071,910)	(7,170,681)	(88,296,454)
INCOME TAX (EXPENSE) BENEFIT RELATING TO ORDINARY ACTIVITIES	6	(6,319,244)	21,423,236	572,048	1,964,015
PROFIT (LOSS) AFTER INCOME TAX FOR THE PERIOD		5,201,208	(55,648,674)	(6,598,633)	(86,332,439)
Basic profit (loss) per share (cents)	23	1.16	(15.93)		
Diluted profit (loss) per share (cents)	23	1.07	(15.93)		

BALANCE SHEET

AS AT 30 JUNE 2008	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
CURRENT ASSETS					
Cash and cash equivalents	7	**15,681,076**	8,656,956	**1,977,170**	8,656,971
Trade and other receivables	8	**10,624,676**	2,654,646	**2,983,346**	2,587,220
Inventories	9	**21,508,444**	-	-	-
Derivatives	27(h)	-	141,769	-	-
TOTAL CURRENT ASSETS		**47,814,196**	11,453,371	**4,960,516**	11,244,191
NON CURRENT ASSETS					
Trade and other receivables	10	**737,795**	754,692	**39,477,195**	11,267,380
Deferred tax assets	6	**32,147,179**	30,975,249	**15,074,350**	13,234,648
Plant and equipment	11	**114,607,544**	47,325,545	**727,102**	716,650
Exploration expenditure	12	**23,351,576**	14,992,021	**1,313,847**	561,721
Development expenditure	12	**37,619,569**	24,942,519	-	-
Available-for-sale investments	13	**3,607,581**	7,412,776	**3,567,581**	7,312,776
Other assets	14	**3,419,950**	-	**8,357,272**	6,134,553
TOTAL NON CURRENT ASSETS		**215,491,194**	126,402,802	**68,517,347**	39,227,728
TOTAL ASSETS		**263,305,390**	137,856,173	**73,477,863**	50,471,919
CURRENT LIABILITIES					
Trade and other payables	15	**32,540,873**	22,133,907	**2,754,046**	11,767,424
Provisions	16	**1,175,000**	303,362	**337,276**	196,468
Interest bearing liabilities	17	**34,135,817**	3,512,399	**3,684,829**	3,512,399
Derivatives	27(h)	**24,738,468**	573,239	-	-
TOTAL CURRENT LIABILITIES		**92,590,158**	26,522,907	**6,776,151**	15,476,291
NON-CURRENT LIABILITIES					
Interest bearing liabilities	18	**52,033,715**	33,910,822	-	-
Provisions	19	**8,373,871**	5,807,613	-	-
Derivatives	27(h)	**30,772,099**	20,747,164	-	-
TOTAL NON-CURRENT LIABILITIES		**91,179,685**	60,465,599	-	-
TOTAL LIABILITIES		**183,769,843**	86,988,506	**6,776,151**	15,476,291
NET ASSETS		**79,535,547**	50,867,667	**66,701,712**	34,995,628
EQUITY					
Contributed equity	21	**194,978,560**	159,550,922	**194,978,560**	159,550,922
Reserves	22	**(14,016,196)**	(2,055,230)	**15,142,519**	12,265,440
Accumulated losses	22	**(101,426,817)**	(106,628,025)	**(143,419,367)**	(136,820,734)
TOTAL EQUITY		**79,535,547**	50,867,667	**66,701,712**	34,995,628

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Issued Capital	Accumulated Losses	Net Unrealised Gains Reserve	Option/ Employee Reserve	Derivative Reserve	Option Premium Reserve	Total Equity
FOR THE YEAR ENDED 30 JUNE 2008							
At 1 July 2007	159,550,922	(106,628,025)	1,784,848	8,780,592	(14,320,670)	1,700,000	50,867,667
Prior year reversal	–	–	(764,935)	–	–	–	(764,935)
Unrealised loss on derivatives	–	–	–	–	(32,179,720)	–	**(32,179,720)**
Realised loss on hedge settlement	–	–	–	–	10,982,514	–	**10,982,514**
Loss transferred to income statement on impairment	–	–	(1,784,848)	–	–	–	**(1,784,848)**
Tax effect	367,075	–	764,935	–	6,359,162	–	**7,491,172**
Total income and expense for the period recognised directly in equity	**367,075**	–	**(1,784,848)**	–	**(14,838,044)**	–	**(16,255,817)**
Profit for the period,	–	5,201,208	–	–	–	–	**5,201,208**
Total income/expense for the period	**367,075**	**5,201,208**	**(1,784,848)**	–	**(14,838,044)**	–	**(11,054,609)**
Issue of share capital	36,897,999	–	–	–	–	–	**36,897,999**
Cost of share based payments - external	–	–	–	3,693,500	–	–	**3,693,500**
Cost of share based payments - internal	–	–	–	968,426	–	–	**968,426**
Capital raising costs	(1,837,436)	–		–	–	–	**(1,837,436)**
At 30 June 2008	194,978,560	(101,426,817)	–	13,442,518	(29,158,714)	1,700,000	79,535,547
FOR THE YEAR ENDED 30 JUNE 2007							
At 1 July 2006	**124,525,169**	**(50,979,351)**	**1,340,414**	**712,390**	**1,700,000**	–	**77,298,622**
Increase in value of available for sale investment	–	–	1,072,541	–	–	–	**1,072,541**
Realised gain on available for sale investments	–	–	(604,793)	–	–	–	**(604,793)**
Unrealised loss on derivatives	–	–	–	–	–	(20,458,100)	**(20,458,100)**
Tax effect	335,407	–	(23,314)	163,967	–	6,137,430	6,613,490
Total income and expense for the period recognised directly in equity	**335,407**	–	**444,434**	**163,967**	–	**(14,320,670)**	**(13,376,862)**
Loss for the period	–	(55,648,674)	–	–	–	–	**(55,648,674)**
Total income/expense for the period	335,407	(55,648,674)	**444,434**	**163,967**	–	**(14,320,670)**	**(69,025,535)**
Issue of share capital	34,690,346	–	–	–	–	–	**34,690,346**
Cost of share based payments - external	–	–	–	5,620,000	–	–	5,620,000
Cost of share based payments - internal	–	–	–	2,284,235	–	–	**2,284,235**
At 30 June 2007	159,550,922	(106,628,025)	1,784,848	8,780,592	1,700,000	(14,320,670)	50,867,667

STATEMENT OF CHANGES IN EQUITY

PARENT	Issued Capital	Accumulated Losses	Net Unrealised Gains Reserve	Option/ Employee Reserve	Option Premium Reserve	Total Equity
FOR THE YEAR ENDED 30 JUNE 2008						
At 1 July 2007	**159,550,922**	**(136,820,734)**	**1,784,848**	**8,780,592**	**1,700,000**	**34,995,628**
Prior year reversal	–	–	(764,935)	–	–	**(764,935)**
Loss transferred to income statement on impairment	–	–	(1,784,848)	–	–	**(1,784,848)**
Tax effect	367,075	–	764,935	–	–	**1,132,010**
Total income/expense for the period recognised directly in equity	**367,075**	–	**(1,784,848)**	–	–	**(1,417,773)**
Profit for the period	–	(6,598,633)	–	–	–	**(6,598,633)**
Total income/expense for the period	**367,075**	**(6,598,633)**	**(1,784,848)**	–	–	**(8,016,406)**
Issue of share capital	36,897,999	–	–	–	–	**36,897,999**
Cost of share-based payment - external	–	–	–	3,693,500	–	**3,693,500**
Cost of share based payments - internal	–	–	–	968,426	–	**968,426**
Capital raising costs	(1,837,436)	–		–	–	**(1,837,436)**
At 30 June 2008	**194,978,560**	**(143,419,367)**	–	**13,442,518**	**1,700,000**	**66,701,711**
FOR THE YEAR ENDED 30 JUNE 2007						
At 1 July 2006	**124,525,169**	**(50,488,295)**	**1,340,414**	**712,390**	**1,700,000**	**77,789,678**
Increase in value of available for sale investments	–	–	1,072,541	–	–	**1,072,541**
Realised gain on available for sale investments	–	–	(604,793)	–	–	**(604,793)**
Tax effect	335,407	–	(23,314)	163,967	–	**476,060**
Total income/expense for the period recognised directly	**335,407**	–	**444,434**	**163,967**	–	**943,808**
Loss for the period	–	(86,332,439)	–	–	–	**(86,332,439)**
Total income/expense for the period	**335,407**	**(86,332,439)**	**444,434**	**163,967**	–	**(86,332,439)**
Issue of share capital	34,690,346	–	–	–	–	**34,690,346**
Cost of share based payments - external	–	–	–	5,620,000	–	**5,620,000**
Cost of share based payments - internal	–	–	–	2,284,235	–	**2,284,235**
At 30 June 2007	**159,550,922**	**(136,820,734)**	**1,784,848**	**8,780,592**	**1,700,000**	**34,995,628**

CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008		CONSOLIDATED		PARENT	
	Note	2008	2007	2008	2007
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**76,053,205**	16,353	-	-
Interest & other costs of finance paid		**(8,323,408)**	(4,813,592)	**(369,395)**	(4,813,592)
Payments to suppliers and employees		**(60,010,408)**	(13,486,136)	**(24,821,003)**	(2,613,980)
Interest received		**451,756**	1,476,984	**372,493**	1,445,332
GST and R&D refund		**11,866,984**	6,401,679	**11,866,984**	6,401,677
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	7	**20,038,129**	(10,404,711)	**(12,950,921)**	419,437
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of fixed assets		-	8,623	-	8,623
Purchase of plant and equipment		**(71,387,185)**	(26,023,365)	**(233,347)**	(653,780)
Loans to controlled entities		-	-	**(28,064,406)**	(52,496,018)
Payments for exploration		**(12,237,034)**	(7,970,891)	**(510,217)**	(238,165)
Payment for capital development		**(15,451,500)**	(47,566,457)	-	-
Security deposits made		**(17,380)**	(3,881,485)	-	(459,544)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(99,093,099)**	(85,433,575)	**(28,807,970)**	(53,838,884)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**36,897,999**	30,000,000	**36,897,999**	30,000,000
Proceeds from borrowings		**61,000,000**	42,418,824	-	-
Payment of capital raising costs		**(1,818,909)**	(1,328,065)	**(1,818,909)**	(1,328,065)
Repayment of borrowings		**(10,000,000)**	(7,500,000)	-	(7,500,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**86,079,090**	63,590,759	**35,079,090**	21,171,935
NET INCREASE/(DECREASE) IN CASH HELD		**7,024,120**	(32,247,527)	**(6,679,801)**	(32,247,512)
Cash and cash equivalents at beginning of period		**8,656,956**	40,904,483	**8,656,971**	40,904,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	**15,681,076**	8,656,956	**1,977,170**	8,656,971

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. CORPORATE INFORMATION

The financial report of CopperCo Limited ("the Company") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 24 September 2008.
CopperCo Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of the Company have been exploration with the Company becoming a copper producer during the 2008 financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. The financial report has also been prepared on a historical cost basis, except available-for-sale investments and derivative financial instruments that have been measured at fair value. The financial report is presented in Australian dollars.

(b) Going concern

The financial statements have been prepared on a going concern basis. Resulting from the successful conclusion of CopperCo's offer for Mineral Securities the merged CopperCo group's projected cash flows to September 2009, clearly indicate the need for additional funding to meet the anticipated 31 December 2008 repayment of Mineral Securities A$45 million facility with Macquarie Bank. The merged CopperCo group, will require the sale of assets, a new equity raising, a further extension of the loan facility or new facilities, or a combination of these to meet operating commitments and the repayment of the Macquarie Bank debt.

The CopperCo Directors are currently renegotiating the facility with Macquarie Bank and are confident that the merged CopperCo Group will be able to further renegotiate the facility or ensure that new flows of funds will be available at that point to meet future commitments. If the existing facility is not further renegotiated and alternative proceeds are not available such that the going concern basis were not appropriate, then adjustments might be required to the recoverability and classification of asset amounts or the amounts and classification of liabilities.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, or to the amounts or classifications of liabilities that might be necessary should the company and the consolidated entity not be able to continue as going concerns.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new accounting standard

The Group has adopted AASB 7 Financial Instruments; Disclosures and all consequential amendments and AASB 2008-4 during the year. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on the profit and loss or the financial position of the entity.

In the current year, the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2007. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2008 are outlined below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group currently expenses interest as it is incurred but as from 1 July 2009 borrowing costs associated with a qualify asset will be capitalised.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards***	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	1 July 2009
Amendments to International Financial Reporting Standards***	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards***	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	1 July 2009
IFRIC 16***	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009

* designates the beginning of the applicable annual reporting period.

*** pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the AASB.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of CopperCo Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which CopperCo Limited has control.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expect life of the financial asset to the next carrying amount of the financial asset.

Copper Sales

Sales are recognised when all associated risks and rewards of ownership are passed on to the purchaser, including when physical control over the product passes pursuant to an enforceable sales contract, and selling prices can be reasonably estimated.

Contract terms for the Group's copper sales contain provisional pricing arrangements whereby the selling price for copper cathode is based on prevailing spot prices on a future a specified future date after shipment to the customer. The provisional invoicing and final settlement is typically between 0 and 60 days. The subsequent changes in fair value recognising the embedded derivatives are recognised in the income statement as an adjustment to revenue.

(f) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of CopperCo Limited and its Australian subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions & balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

(g) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Receivables

Trade receivables, which generally have 5-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

(j) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date and income taxes relating to items recognised in equity are directly recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Tax consolidation legislation

CopperCo Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2002.

The head entity, CopperCo Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, CopperCo Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(m) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Lady Annie Operations mine plant and equipment is amortised from commencement of production over the shorter of the life of the mine or useful life.
- Other office plant and equipment is amortised over 3 to 5 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) Mine development expenditure

Mine development expenditure represents the costs incurred in preparing mines for production, and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units-of-production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Impairment
The carrying value of capitalised mine development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

(o) Exploration and Evaluation Expenditure

Exploration and Evaluation Expenditure
Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- The exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Exploration and Evaluation Expenditure (continued)

- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(p) Inventories

Inventories including stores, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include direct material, overburden removal, mining, processing, labour, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining and processing activities.

(q) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as foreign currency forward contracts and option contracts to hedge the risks associated with movements in copper prices and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value if positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit and loss for the year. The Group designates hedges as cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges
Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with highly probably forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

The Group tests each of the designated cash flow hedges for effectiveness at the inception of the hedge and then at each reporting date both prospectively and retrospectively using the dollar offset method. This is done by comparing the changes in the present value of the cash flow arising from hedged forecast sale at the forward rate, compared to changes in the fair value of the forward contract. Measurement of the cash flow changes is based on the respective forward curve over the hedge horizon for the US Dollar Copper concentrate transacted on the London Metals Exchange.

(r) Investments and other assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified at fair value through profit or loss, loans and receivables or held to maturity investments. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Investments in controlled entities

Investments in controlled entities are accounted for at cost and subsequently remeasured at lower of cost and recoverable value.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 45 days of recognition.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Convertible notes

The component of the convertible note that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs.

On issuance of the convertible note, the fair value of the liability component is determined using a market rate for a equivalent non-convertible note and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholder's equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs.

Provisions for decommissioning and restoration costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of decommissioning or rehabilitation, discounted to its net present value, is provided in the period in which the obligation arises. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses over the remaining life of the operation. The unwinding of the discount is included in financing costs. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. When there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in the Income Statement on a prospective basis over the remaining life of the operation.

(w) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.
Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Share-based payment transactions

(i) Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group and others in the form of share-based payments, whereby employees or others render services in exchange for shares or rights over shares (equity-settled transactions).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Share-based payment transactions (continued)

There are currently three plans in place to provide these benefits.

- CopperCo Employee Share Option Plan (ESOP) provides benefits to directors, senior executives and employees;
- CopperCo Limited Employee Share Plan is a $1,000 share scheme which directors can issue up to $1,000 worth of shares to employees on a tax exempt basis; and
- CopperCo Executive Directors and Employees Option Plan provide directors to issue options to employees for free which are exercisable for free.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Note 24.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of CopperCo Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and

(iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (Note 23).

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends); and
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Determination of mineral resources and ore reserves
The Group estimates its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves 2004 (the 'JORC' code). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined under the 'JORC' code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Significant judgement is required in assessing the available reserves. Factors that must be considered in determining reserves and resources are the company's history of converting resources to reserves and the relevant time frame, market and future development.

Changes in the forecast of prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping costs and provisions for decommissioning and restoration.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Classification of assets and liabilities as held for sale
The Group classifies assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

Capitalised development costs
Development costs are only capitalised by the Group when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

Taxation
The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be tax. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model, using the assumptions detailed in Note 24.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Significant accounting judgments, estimates and assumptions (continued)

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Impairment of capitalised mine development expenditure
The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that the capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which determination is made.

Impairment of property, plant and equipment
Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by relevance to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and fair value less cost to sell.

In determining value in use, future cash flows are based on:
- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production.

Variations to the expected future cash flows, and timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Provisions for decommissioning and restoration costs
Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of the mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Recoverability of inter-company receivables and investments in controlled entities
Recoverability is assessed on the assumption that subsidiaries will generate revenue once mining commences on the tenements owned by subsidiaries.

Fair value of derivatives
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Refer to Note 27 (h) for risk management relating to derivatives and hedges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

3. SEGMENT INFORMATION

The consolidated entity operates in one business segment, the resources sector predominantly involved in copper production and exploration in Queensland, Australia.

4. REVENUE

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
(a) Revenue					
Sales		92,771,189	-	-	-
Hedging loss		(10,982,514)	-	-	-
Other revenue (i)		-	16,353	2,000,000	30
Total revenue		81,788,675	16,353	2,000,000	30

(i) The amount of $2,000,000 represents management fees between the parent entity and Lady Annie Operations

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
(b) Cost of goods sold					
Cost of production		(26,303,903)	-	-	-
Royalties		(1,874,218)	-	-	-
Depreciation	11	(6,883,678)	-	-	-
Amortisation of exploration & development	12	(4,763,836)	-	-	-
Total cost of goods sold		(39,825,635)	-	-	-
(c) Other Income					
Interest revenue		465,529	1,266,376	356,531	1,234,724
Profit on sale of tenement		-	89,800	-	-
Profit on sale of shares		-	604,793	-	604,793
Government subsidies		96,080	-	-	-
Total other income		561,609	1,960,969	356,531	1,839,517

5. EXPENSES AND LOSSES

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
(a) Finance cost				
Interest	**(16,120,240)**	(6,199,249)	**(186,708)**	(5,424,026)
Accretion expense	(222,654)	-	-	-
Debt repayment expense	-	(583,174)	-	(583,174)
	(16,342,894)	(6,782,423)	**(186,708)**	(6,007,200)
(b) Administration expense				
Salaries and wages	(1,048,321)	(3,522,240)	**(1,048,321)**	(1,234,474)
Superannuation	**(132,017)**	(116,079)	**(132,017)**	(63,746)
Payroll tax	**(301,795)**	(239,372)	**(292,925)**	(144,815)
Annual leave	**(270,566)**	(109,178)	**(270,566)**	(109,178)
Share-based payments expense	**(968,426)**	(2,284,235)	**(968,426)**	(2,284,235)
Depreciation	**(223,621)**	(90,777)	**(222,895)**	(80,893)
Audit and accounting fees	**(309,110)**	(148,144)	**(309,110)**	(148,144)
Consultancy	**(954,143)**	(218,123)	**(954,143)**	(192,370)
Office expenses	**(1,500,200)**	(1,462,498)	**(1,500,200)**	(582,300)
Insurance	**(416,311)**	(150,515)	**(106,752)**	(70,185)
Legal fees	(109,291)	(83,125)	**(107,041)**	(53,626)
Travel & accommodation	**(611,935)**	(602,757)	**(502,272)**	(227,315)
Securities exchange expenses	**(117,047)**	(43,769)	**(116,623)**	(42,285)
Share registry expenses	**(141,502)**	(96,491)	**(141,504)**	(96,491)
Motor vehicle expense	**(1,989)**	(5,606)	**(1,989)**	-
Fees and charges	-	(105,094)	-	(9,078)
Stamp duty	**(42,408)**	(272,770)	**(42,408)**	(272,770)
Fringe benefits tax	**(105,102)**	(22,913)	**(105,102)**	(22,913)
Recruitment fees	**(300,732)**	(49,648)	**(149,294)**	(11,181)
Sundry expenses	**(81,632)**	(143,834)	**(81,630)**	(11,659)
	(7,636,148)	(9,767,168)	**(7,053,218)**	(5,657,658)

5. EXPENSES AND LOSSES (continued)

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
(c) Other expenses from ordinary activities					
Foreign exchange (losses) / gains		(317,244)	(63,201)	105,357	(63,201)
Write down of exploration expenditure	12	-	(7,341,769)	-	-
Diminution of value of investments	14	-	-	(1,197,231)	(14,654,611)
Write down of loans	10	-	-	-	(62,286,726)
Ineffective portion of hedging		(3,202,723)	(720,534)	-	-
Development expenditure		-	(52,907,532)	-	-
Impairment of available for sale investments		(1,255,412)	(1,466,605)	(1,195,412)	(1,466,605)
		(4,775,379)	(62,499,641)	(2,287,286)	(78,471,143)

6. INCOME TAX

The major components of income tax are:

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Income statement					
Current income tax					
Current income tax charge		(1,494,682)	(2,900,742)	(1,359,036)	(1,187,269)
Adjustments in respect of tax of previous years		-	208,865	-	370,322
Deferred income tax					
Relating to origination and reversal of temporary differences		6,672,367	(18,731,359)	(125,199)	(1,147,068)
Temporary differences relating to available for sale investments		1,141,559	-	912,187	-
Income tax expense / (benefit) reported in the income statement		6,319,244	(21,423,236)	(572,048)	(1,964,015)
Statement of changes in equity					
Deferred income tax related to items charged or credited directly to equity					
Current tax					
Share based payments		-	(163,967)	-	(163,967)
Capital raising costs		(367,075)	(335,407)	(367,075)	(335,407)
Deferred tax					
Unrealised gains reserves		(764,935)	23,314	(764,935)	23,314
Hedging loss reserve		(6,359,162)	(6,137,430)	-	-
Income tax (benefit)/expense reported in equity		(7,491,172)	(6,613,490)	(1,132,010)	(476,060)

6. INCOME TAX (continued)

	BALANCE SHEET		INCOME STATEMENT	
	2008	2007	2008	2007
	$	$	$	$
Deferred income tax at 30 June relates to the following:				
Consolidated				
Deferred tax liabilities				
Exploration	**(2,900,244)**	(3,377,527)	**477,283**	2,648,905
Fixed assets	**(1,293,500)**	(45,468)	**(1,248,033)**	(45,468)
Expensed items	**(309,285)**	(1,786)	**(307,499)**	(1,786)
Unrealised foreign exchange gain	**(31,072)**	(31,072)	**–**	(31,073)
Interest receivable	**(14,375)**	(10,543)	**(3,832)**	62,882
Consumables	**(14,302)**	-	**(14,302)**	-
Financial assets	**–**	(429,356)	**376,624**	-
Deferred tax liabilities offset against deferred tax assets	**4,562,778**	3,895,752	**–**	-
Gross deferred income tax liabilities	**–**	-	**(719,759)**	2,633,460
Deferred tax assets				
Provisions	**2,864,661**	1,878,739	**985,922**	1,812,171
Accruals	**54,000**	89,137	**(35,137)**	78,896
Financial assets	**–**	429,356	**–**	317,118
Borrowing costs	466,615	950,906	**(484,290)**	950,906
Hedge loss	**16,653,170**	6,353,590	**3,940,418**	216,160
Development Costs	**2,386,194**	12,745,713	**(10,359,520)**	12,745,713
Expensed items		-	**–**	(23,065)
Tax losses	**14,285,316**	12,423,560	**–**	-
Deferred tax liabilities offset against deferred tax assets	**(4,562,778)**	(3,895,752)	**–**	-
Gross deferred income tax assets	**32,147,179**	30,975,249	**(5,952,607)**	16,097,899
Deferred tax income/ (expense)			**(6,672,366)**	18,731,359

6. INCOME TAX (continued)

	BALANCE SHEET		INCOME STATEMENT	
	2008 $	2007 $	2008 $	2007 $
Deferred income tax at 30 June relates to the following:				
Parent				
Deferred tax liabilities				
Exploration	-	(168,516)	168,516	(168,516)
Fixed assets	(45,468)	(45,468)	-	(45,468)
Interest receivable	(5,453)	(10,543)	5,090	62,882
Financial assets	-	(429,355)	-	-
Expensed items	(309,285)	(1,786)	(307,499)	(1,786)
Unrealised foreign exchange gain	(31,073)	(31,073)	-	(31,073)
Deferred tax liabilities offset against deferred tax assets	391,279	686,741	-	-
Gross deferred income tax liabilities	-	-	(133,893)	(183,961)
Deferred tax assets				
Provisions	69,236	88,990	(19,753)	67,734
Accruals	54,000	28,577	25,423	18,336
Expensed items	-	-	-	(23,065)
Financial assets	-	429,356	147,252	317,118
Borrowing costs	1,057,077	950,906	106,170	950,906
Tax losses	14,285,316	12,423,560	-	-
Deferred tax liabilities offset against deferred tax assets	(391,279)	(686,741)	-	-
Gross deferred income tax assets	15,074,350	13,234,648	259,092	1,331,029
Deferred tax income/ (expense)			125,199	1,147,068
The Group has tax losses arising in Australia (100%)	47,617,720	41,411,867		

This future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

6. INCOME TAX (continued)

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Accounting profit / (loss) before income tax	**11,520,452**	(77,071,910)	**(7,170,681)**	(88,296,454)
At the Group's statutory income tax rate of 30% (2007: 30%)	**3,456,135**	(23,121,573)	**(2,151,204)**	(26,488,936)
Adjustments				
Benefit of R&D Tax offset claimed in the prior year	**-**	(346,160)	**-**	(346,160)
Borrowing costs amortised	**1,413,750**	343,335	**-**	184,088
Share based payments	**295,802**	685,271	**295,802**	685,271
Under/over provision in prior years	**-**	891,751	**-**	795,255
Financial Assets	**-**	122,865	**-**	122,865
Write down of subsidiary loans	**-**	-	**359,169**	23,082,401
Temporary differences relating to available for sale investments	**1,141,559**	-	**912,187**	-
Expenditure not allowable for income tax purposes	**11,998**	1,275	**11,998**	1,201
Income tax (benefit) expense reported in the consolidated income statement	**6,319,244**	(21,423,236)	**(572,048)**	(1,964,015)

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, CopperCo Limited and its wholly-owned subsidiaries formed a tax consolidated group. Members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the consolidated group is CopperCo Limited.

CopperCo formally notified the Australian Tax Office of its adoption of the tax consolidation regime when lodging its 30 June 2003 consolidated tax return.

7. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Cash at bank and in hand	**15,681,076**	8,656,956	**1,977,170**	8,656,971
	15,681,076	8,656,956	1,977,170	8,656,971

Cash at bank earns interest at floating rates based on daily bank deposit rates. The exposure to interest rate risk is disclosed in Note 27.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Reconciliation of net profit (loss) after tax to net cash flows from operations				
Net Profit / (Loss)	**5,201,208**	(55,648,674)	**(6,598,633)**	(86,332,439)
Adjustments for				
Interest expense	**6,836,697**	1,144,450	**-**	613,628
Depreciation	**7,107,298**	90,777	**222,895**	80,893
Amortisation	**4,763,836**	-	**-**	-
Share options expensed	**968,426**	2,284,235	**968,426**	2,284,235
Write down of exploration	**-**	7,341,769	**-**	-
Hedging expense	**3,202,723**	-	**-**	-
Diminution in value of investments	**-**	-	**1,197,231**	14,654,611
Impairment of available-for-sale financial assets	**1,255,412**	1,466,605	**1,195,412**	1,466,605
Write down of loans	**-**	-	**-**	62,286,726
Development expenditure	**-**	52,907,532	**-**	-
Loss on disposal of property, plant and equipment	**-**	-	**-**	-
Gain on sale of tenement	**-**	(89,800)	**-**	-
Gain on sale of shares	**-**	(604,793)	**-**	(604,793)
Changes in assets and liabilities				
(Increase)/decrease in inventories	**(21,508,444)**	-	**-**	-
(Increase)/decrease in trade and other receivables	**(7,953,133)**	(2,064,804)	**(491,634)**	(1,996,013)
Decrease / (Increase) in deferred tax assets	**6,319,244**	(27,523,409)	**(572,048)**	(3,801,687)
Increase (decrease) in trade and other payables	**10,406,966**	10,058,891	**(9,013,378)**	11,642,055
Increase in annual leave provisions	**3,437,896**	232,510	**140,808**	125,616
Net cash flows from / (used in) operating activities	**20,038,129**	(10,404,711)	**(12,950,921)**	419,437

8. TRADE AND OTHER RECEIVABLES (CURRENT)

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Gross trade receivables	(i)	**7,786,381**	42,115	**-**	-
Embedded derivative	(ii)	**(286,073)**	-	**-**	-
Goods and services tax	(iii)	**2,713,588**	2,577,398	**2,713,588**	2,552,077
Interest receivables		**47,916**	35,143	**18,178**	35,143
Other receivables	(iv)	**362,864**	-	**251,580**	-
		10,624,676	2,654,656	**2,983,346**	2,587,220

Terms and conditions:

(i) Trade debtors are non-interest bearing and generally on 5-60 day terms. The exposure to credit risk is disclosed in Note 27(a). The average ageing of trade debtors at 30 June 2008 is 5 days.
(ii) The embedded derivative has been determined as per a provisional pricing arrangement and booked at fair value through the income statement.
(iii) Goods and services taxation receivable is non-interest bearing and generally on 14 day terms at the end of each quarter.
(iv) The other receivables are non-interest bearing.

9. INVENTORIES

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Copper in Circuit	**20,205,137**	-	**-**	-
ROM inventory	**27,804**	-	**-**	-
Consumables	**1,257,254**	-	**-**	-
Copper Cathode	**18,249**	-	**-**	-
	21,508,444	-	**-**	-

10. TRADE AND OTHER RECEIVABLES (NON CURRENT)

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Security deposits	(i)	**114,385**	113,667	**8,441**	-
Bonds	(ii)	**623,410**	641,025	**620,843**	629,284
Group entities:					
Controlled entities	(iii)	**-**	-	**101,293,499**	73,083,684
Less provision for impairment	(iv)	**-**	-	**(62,445,588)**	(62,445,588)
	(v)	**737,795**	754,692	**39,477,195**	11,267,380

Terms and conditions:

(i) Security deposits are interest bearing and have an average interest rate of 6.7% per annum.
(ii) Bonds are interest bearing and have an average interest rate of 2% per annum.
(iii) Details of the terms and conditions of related party receivables are set out in Note 29.
(iv) The receivable is not considered to be recoverable and has been impaired to recognise the difference between the net assets and liabilities of the controlled entity and the loans from the parent entity. The amount has been assessed as impaired as $158,862 in 2006, as $62,455,588 in 2007, and then as nil in 2008.
(v) The exposure to credit risk is disclosed in Note 27 (a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

11. PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Plant and equipment				
Plant and equipment at cost				
Lady Annie Operations	120,789,697	46,608,169	-	-
Other	1,092,541	884,771	1,092,541	859,194
Total	121,882,238	47,492,940	1,092,541	859,194
Accumulated depreciation	(7,274,694)	(167,395)	(365,439)	(142,544)
	114,607,544	47,325,545	727,102	716,650
Reconciliation of movements:				
(a) Plant and equipment				
Lady Annie Operations				
Carrying amount at beginning of year	46,608,169	7,257,889	-	7,257,889
Additions	72,025,950	39,350,280	-	28,823,327
Depreciation expense	(6,883,678)	-	-	-
Transfer to subsidiaries	-	-	-	(36,081,216)
Disposals	-	-	-	-
Transfer from development	2,130,001	-	-	-
Carrying amount at end of year	113,880,442	46,608,169	-	-
Other				
Carrying amount at beginning of year	717,376	154,373	716,650	143,763
Additions	233,347	653,780	233,347	653,780
Depreciation expense	(223,621)	(90,777)	(222,895)	(80,893)
Transfer to subsidiaries	-	-	-	-
Disposals	-	-	-	-
Carrying amount at end of year	727,102	717,376	727,102	716,650
Total Carrying amount at end of year	114,607,544	47,325,545	727,102	716,650

Assets pledged as security

Included in the total balance of plant and equipment of $114,607,544 are assets over which fixed and floating charges have been granted as security for loans from banks and other lenders (see Note 18). The terms of the fixed charges preclude the assets being sold or being used as security for other lenders without the permission of the charge holder. The charges also require plant and equipment that form part of the security to be fully insured at all times.

12. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	CONSOLIDATED		PARENT	
	Exploration and Evaluation Expenditure	Development Expenditure	Exploration and Evaluation Expenditure	Development Expenditure
Year ended 30 June 2008				
At 1 July 2007, net of accumulated impairment	14,992,021	24,942,519	561,721	-
Additions	12,478,941	15,451,500	752,126	-
Transfer to plant and equipment	-	(2,130,000)	-	-
Transfer from Exploration and Evaluation Expenditure to Development Expenditure	(4,119,386)	4,119,386	-	-
Amortisation	-	(4,763,836)	-	-
At 30 June 2008, net of accumulated impairment	23,351,576	37,619,569	1,313,847	-
At 30 June 2008				
Cost	23,351,576	42,383,405	1,313,847	-
Accumulated amortisation	-	(4,763,836)	-	-
Net carrying amount	23,351,576	37,619,569	1,313,847	-
Year ended 30 June 2007				
At 1 July 2006, net of accumulated impairment	33,982,654	2,129,202	1,000,000	-
Transfer to subsidiary	-	-	(1,000,000)	-
Additions	8,074,070	3,090,383	561,721	-
Transfer from Exploration and Evaluation Expenditure to Development Expenditure	(19,722,934)	19,722,934	-	-
Impairment (i)	(7,341,769)	-	-	-
At 30 June 2007, net of accumulated impairment	14,992,021	24,942,519	561,721	-
At 30 June 2007				
Cost	24,576,223	24,942,519	561,721	-
Impairment	(9,584,202)	-	-	-
Net carrying amount	14,992,021	24,942,519	561,721	-

Exploration, evaluation and development expenditure have been capitalised at cost. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

(i) Carrying values for certain Tenements were reviewed and given that no substantive expenditure for further exploration in the specific areas has been budgeted and exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources, and it was decided to discontinue such activities in the specific areas. It was decided to provide for impairment against the carrying values of the affected tenements to an amount of $7,341,769.

13. AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

		CONSOLIDATED		PARENT	
	Notes	2008 $	2007 $	2008 $	2007 $
Investments at fair value					
Opening balance		**7,412,776**	6,127,607	**7,312,776**	6,127,607
Impairment	(i)	**(3,805,195)**	(1,466,605)	**(3,745,195)**	(1,466,605)
Conversion convertible note	(ii)	-	(2,083,174)	-	(2,083,174)
Investment - Stirling Minerals	(iii)	-	100,000	-	-
Investment - Zambezi Resources	(iv)	-	4,052,443	-	4,052,443
Fair value gain	(v)	-	682,505	-	682,505
Closing balance	(vi)	**3,607,581**	7,412,776	**3,567,581**	7,312,776

(i) The impairments in Universal Resources Ltd, Zambezi Resources Ltd and Stirling Minerals Ltd were created as the decline in value was prolonged or significant as per AASB 139. The 2008 amount relating to Universal Resources was $422,581, Zambezi Resources of $3,322,604 and Stirling Minerals of $60,000. These impairment losses have been initially offset against previously recognised gains deferred in equity and the excess is included in the income statement. The amount offset in reserves was $1,784,848. The quoted market bid prices used were $0.079 for Universal, $0.20 for Zambezi and $0.08 for Stirling Minerals.

(ii) The 2007 amount relates to CopperCo transferring 13,439,832 ordinary shares in Universal Resources Limited to LinQ Capital Limited in satisfaction of an outstanding loan of $1,500,000 on 13 March 2007. The quoted market bid price used was $0.155.

(iii) On 8 May 2007 Millenium Minerals Operations Pty Ltd sold its interest in the Quidong tenement (EL 5671) for a consideration of 500,000 shares in Stirling Minerals at a share price of $0.20 resulting in an investment of $100,000.

(iv) On 5 June 2007, CopperCo acquired the 8,000,000 fully paid ordinary shares under an Option Agreement in the issued capital of Zambezi Resources Limited. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. On 5 June 2007 and 30 June 2007, the quoted market bid price used was $0.507 and $0.616 respectively.

(v) The fair value gain relate to Universal Resources of ($191,487) and Zambezi Resources $873,992. The quoted market bid prices used were $0.155 for Universal and $0.421 for Zambezi.

(vi) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. Quoted market value at balance date of investment listed on prescribed stock exchange was $3,607,581. The listed shares at cost is the CopperCo 7.23% ownership interest in Universal Resources Limited, 0.02% ownership interest in Stirling Minerals Limited and 4.3% ownership interest in Zambezi Resources Limited on exercising of 8,000,000 options.

14. OTHER ASSETS (NON-CURRENT)

		CONSOLIDATED		PARENT	
	Notes	2008 $	2007 $	2008 $	2007 $
Investments at cost					
Controlled entities – unlisted	20	-	-	22,080,402	22,080,402
Provision for diminution	(i)	-	-	(17,143,080)	(15,945,849)
Merger costs of acquisition	(ii)	3,419,950	-	3,419,950	-
		3,419,950	-	8,357,272	6,134,553

(i) The investment is not considered to be recoverable and has been impaired to recognise the difference between the net assets and liabilities of the controlled entity and the loans from the parent entity.
(ii) The merger costs of acquisition relate to costs incurred to 30 June 2008 in relation to the CopperCo takeover of Mineral Securities Limited.

15. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables	(i)	19,638,233	12,162,378	1,869,238	11,248,352
Accrued expenses		11,021922	9,488,778	804,895	326,615
Payroll-related payables	(ii)	1,880,718	482,751	79,913	192,457
		32,540,873	22,133,907	2,754,046	11,767,424

Terms and conditions:

(i) Trade creditors are non-interest bearing and are normally settled on 45 day terms.
(ii) Payroll-related payables are paid within 30 days.

16. PROVISIONS (CURRENT)

Employee annual leave	1,056,836	251,293	230,788	180,030
Employee Sick Leave	-	52,069	-	16,438
Other provisions	118,164	-	106,488	-
	1,175,000	303,362	337,276	196,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

17. INTEREST BEARING LIABILITIES (CURRENT)

		CONSOLIDATED		PARENT	
	Notes	2008 $	2007 $	2008 $	2007 $
Short term debt	(i)	**3,684,829**	3,512,399	**3,684,829**	3,512,399
Current portion of long term debt	(ii)	**30,450,988**	-	**-**	-
		34,135,817	3,512,399	**3,684,829**	3,512,399

(i) CopperCo's liability resulting from the acquisition of a right to shares under an Option Agreement with Zambezi Resources. This amount represents the future value of cash flows discounted to its present value.

Senior Debt Facility of $34,500,000 is repayable no later than 30 June 2009. Interest compounds monthly and is payable quarterly based on the three month bank bill rate plus 2.7%. 5,000,000 options were issued as a condition to the provision of the financing facility .

Includes $3,408,113 for restructure from the date of restructure of the group finance facilities and $640,899 relating to 5,000,000 options which were issued as a condition to the provision of a financing facility.

18. INTEREST BEARING LIABILITIES (NON CURRENT)

		CONSOLIDATED		PARENT	
	Notes	2008 $	2007 $	2008 $	2007 $
Secured loan					
Subordinated debt facility – gross	(i)	**20,000,000**	15,000,000	**-**	-
Senior debt facility – gross	(ii)	**20,500,000**	19,000,000	**-**	-
Secondary debt facility – gross	(iii)	**15,000,000**	-		
Unamortised restructure fees	(iv)	**(3,466,285)**	(89,178)		
		52,033,715	33,910,822	**-**	-

Terms and conditions related to the above financial instruments:

(i) Subordinated Debt Facility is repayable no later than 30 June 2010. Interest compounds monthly and is payable quarterly based on the three month bank bill rate plus 2.7%. 20,000,000 options were issued as a condition to the provision of the financing facility and are amortised from the date of issue and an effective interest rate of 43.2%.

(ii) Senior Debt Facility is repayable no later than 30 November 2009. Interest compounds monthly and is payable quarterly based on the three month bank bill rate plus 2.7% and an effective interest rate of 16.8%.

(iii) Secondary Debt Facility is repayable no later than 28 February 2010. Interest compounds monthly and is payable quarterly based on the three month bank bill rate plus 5%, and an effective interest rate of 32.4%.

(iv) Unamortised balance relates to the following:

- $1,057,414 for restructure fees which is amortised from the date of restructure of the group finance facilities; and
- $2,408,871 relating to 20,000,000 options which were issued as a condition to the provision of the subordinated financing facility and are amortised from the date of issue.

Secured loans are secured by a fixed and floating charge over all assets and undertaking of the Company, an equitable mortgage over the shares the Company holds in certain of its subsidiaries, an equitable mortgage of contractual rights and a Mining Act mortgage over certain mining tenements held by the Company.

18. INTEREST BEARING LIABILITIES (NON CURRENT)

At 30 June 2008, the following facilities had been negotiated and were available:

		CONSOLIDATED		PARENT	
	Notes	2008 $	2007 $	2008 $	2007 $
Financial Arrangements					
Bank loan facilities					
Subordinated Debt Facility		**20,000,000**	20,000,000	–	–
Senior Facility		**55,000,000**	55,000,000	–	–
Secondary Debt Facility		**15,000,000**	5,000,000	–	–
Total Facilities		**90,000,000**	80,000,000	–	–
Facilities used at reporting date					
Subordinated Debt Facility		**20,000,000**	20,000,000	–	–
Senior Facility		**55,000,000**	19,000,000	–	–
Secondary Debt Facility		**15,000,000**	–	–	–
Total Facilities used at reporting date		**90,000,000**	39,000,000	–	–
Facilities unused at reporting date					
Senior Facility		–	41,000,000	–	–
Total Facilities unused at reporting date		–	41,000,000	–	–

19. PROVISIONS (NON-CURRENT)

Rehabilitation and Restoration	(i)	**8,373,871**	5,807,613	–	–
		8,373,871	5,807,613	–	–

(i) A provision for rehabilitation and restoration is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration of a mining site. Estimates of the rehabilitation obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future.

Movements in provisions:				
Restoration				
Carrying amount at beginning	**5,807,613**	151,040	–	–
Additional provision	**2,343,604**	5,656,573	–	–
Accretion expense	**222,654**	–	–	–
Carrying amount at end	**8,373,871**	5,807,613	–	–

20. INTERESTS IN SUBSIDIARIES

	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE CONSOLIDATED ENTITY		INVESTMENT	
		2008 %	2007 %	2008 $	2007 $
CopperCo Queensland Operations Pty Ltd (i)	Australia	100	100	**4,937,322**	6,134,555
				4,937,322	6,134,555

(i) Investments are held by CopperCo Limited

The investment is not considered to be recoverable and has been impaired to recognise the difference between the net assets and liabilities of the controlled entity and the loans from the parent entity

	2008	2007
At cost	**20,789,164**	20,789,164
Provision for diminution	**(15,851,842)**	(14,654,609)
Balance at the end of the year	**4,937,322**	6,134,555

21. CONTRIBUTED EQUITY AND RESERVES

		2008		2007	
	Notes	NUMBER OF SHARES	$	NUMBER OF SHARES	$
(a) Issued and paid up capital					
Ordinary shares fully paid		508,508,867	194,978,560	407,619,978	159,550,922
(b) Movements in shares on issue					
Beginning of the financial year		407,619,978	159,550,922	337,461,255	124,525,169
Issued during the year					
Public equity raising	(i)	56,366,667	30,437,999	54,444,438	24,500,000
Issue of shares on conversion of convertible note	(ii)	12,222,222	-	-	5,500,000
Issue of shares for options exercised	(iii)	32,300,000	6,460,000	-	-
Issue of shares in payment of $3 million deferred payment	(iv)	-	-	7,500,000	3,000,000
Issue of shares in payment of $1 million contingent payment	(v)	-	-	2,500,000	1,000,000
Issue of shares in settlement of loan liability	(vi)	-	-	5,714,285	2,000,000
Less transaction costs relating to item (i)		-	(1,837,436)	-	(1,309,654)
Tax effect of transaction costs		-	367,075	-	335,407
End of Financial Year		508,508,867	194,978,560	407,619,978	159,550,922

(i) On 11 March 2008, the Company issued 33,700,000 ordinary shares at $0.54 each to an institutional investor in Europe raising $18.2 million (before expenses) as part of Tranche 1 of a private placement to raise a total of $30.4 million to fund the Company's expansion of the Lady Annie Project. On 23 and 28 April 2008, the Company issued Tranche 2 consisting of 11,259,259 and 11,407,407 ordinary shares to institutional investors in Europe and the Asia Pacific raising $6 million and $6.2 million respectively (before expenses).

On 13 March 2007, the Company issued 51,111,105 ordinary shares at $0.45 per share as part of Tranche 1 of a $30 million placement. The $23 million placement was used to fund continuing exploration and the planned production expansion of the Lady Annie Project.

Tranche 2 of the $30m placement above involved the issue of 3,333,333 ordinary shares at $0.45 per share to Mineral Securities Limited on 7 May 2007 to raise $1.5 million. In addition Mineral Securities Limited was issued with Convertible Notes for $5.5 million to raise a total for Tranche 2 of $7 million. The $7 million placement was also used to fund continuing exploration and the planned production expansion of the Lady Annie Project.

(ii) Mineral Securities Limited excised its convertible notes in the Company and the Company accordingly issued 8,000,000 ordinary shares on 20 September 2007 and 4,222,222 ordinary shares on 13 March 2008 at $0.45 each. The value was recognised in equity in the prior year.

21. CONTRIBUTED EQUITY AND RESERVES (continued)

(iii) On 20 September 2007 the Company issued 25,000,000 ordinary shares at $0.20 to RBC Dexia Investor Services Australia Nominees Pty Ltd as part of a mezzanine financing agreement with LinQ Resources Fund.

On 6 December 2007 the Company issued 1,000,000 shares to Brian Rear pursuant to the exercise of 1,000,000 unlisted options at $0.20 each.

On 28 April 2008 the Company issued 500,000 shares pursuant to the exercise of 500,000 unlisted options at $0.20 each by Stephen Blackman.

On 20 June 2008, the Company issued 4,000,000 shares pursuant to the exercise of 4,000,000 unlisted options at $0.20 each by Brian Rear.

On 30 June 2008 the Company issued 1,800,000 shares pursuant to the exercise of 1,800,000 unlisted options at $0.20 each by Ken Maiden (500,000) and Stephen Blackman (1,000,000).

(iv) On 12 October 2006, the Company elected to settle the $3 million deferred payment in relation to the purchase of the Lady Annie Project from Buka Minerals through the allotment and issue of 7,500,000 ordinary shares at $0.40 per share to Buka Minerals Pty Ltd.

(v) In accordance with the terms of the acquisition of Buka Minerals (Lady Loretta No. 2) Pty Ltd and the 49% direct interest in the Lady Annie Project entered into September 2004, CopperCo was required to make a contingent payment of $1 million upon the execution of the finance facility for the development of a mine on the Lady Annie Project. In July 2006 the Company entered into a Debt payment agreement with Buka which required CopperCo to repay the contingent payable through the issue of shares. On 29 June 2007 the Company issued 1,225,000 and 1,275,000 ordinary shares to Buka Minerals Pty Ltd and Buka Minerals (Lady Loretta No. 2) Pty Ltd respectively at $0.40 per share to extinguish this liability.

(vi) On 29 June 2007, the Company elected to settle a $2 million loan facility through the allotment and issue of 5,714,285 ordinary shares at $0.35 per share to LinQ Resources Fund.

(c) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options over ordinary shares

At 30 June 2008 there were 48,580,000 (2007: 64,080,000) unissued options over ordinary shares on issue.

As at 30 June 2008, unissued ordinary shares of the Company under options on a consolidated basis are as follows:

Expiry Date		Exercise Price	Number of Options
30 June 2010	(i)	$0.20	1,380,000
30 June 2010	(ii)	$0.45	4,000,000
30 June 2010	(iii)	$0.55	750,000
30 June 2010	(iv)	$0.60	750,000
30 June 2010	(v)	$0.65	20,000,000
18 July 2011	(vi)	$0.37	4,800,000
19 July 2012	(vii)	$0.79	1,700,000
31 December 2010	(viii)	$1.10	200,000
30 June 2010	(ix)	$1.06	15,000,000

(i) On 1 July 2005, the Company issued employees with 14,800,000 (1,480,000 post consolidation) unlisted options. The options give the right to subscribe for one ordinary share in CopperCo exercisable at $0.02 ($0.20 post consolidation) on or before 30 June 2010. Half of the options vest immediately, with the remaining half vest one year after issue. 100,000 options have been forfeited during the 2006 year due to the resignation of one employee.

(ii) On 12 October 2006, the Company issued Mr Brian Rear with 1,500,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.45 per share. The options provided to Mr Rear will only vest on the sustainable production of cathode and delivery of product at or lower than budget capital expenditure.

21. CONTRIBUTED EQUITY AND RESERVES (continued)

On 12 October 2006, the Company issued Mr Keith Liddell with 1,500,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.45 per share.

On 12 October 2006, the Company issued Mr Richard Basham with 1,000,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.45 per share.

(iii) On 12 October 2006, the Company issued Mr Brian Rear with 750,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.55 per share. The options provided to Mr Rear has not vested as the performance hurdle of project operating costs for the period 1 July 2007 to 30 June 2008 to be at or lower than budget will be reviewed subsequent to the 2008 Year End Audit.

(iv) On 12 October 2006, the Company issued Mr Brian Rear with 750,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options issued each provide for the right to subscribe for one ordinary share in CopperCo exercisable at $0.60 per share. The options provided to Mr Rear will only vest on copper production for the period 1 July 2008 to 30 June 2009 to be in accordance with or higher than budget.

(v) On 11 May 2007, the Company issued Macquarie Bank, Glencore Ltd and LinQ Resources Fund, options to subscribe for 7,500,000, 7,500,000 and 5,000,000 million respectively (post consolidation) shares in CopperCo at an exercise price of $0.65. The expiry date is 30 June 2010. The options were issued as a condition to the provision of a $20 million financing facility.

(vi) On 17 July 2006, the Company issued employees with 4,900,000 unlisted options. The options give the right to subscribe for one ordinary share in CopperCo exercisable at $0.37 on or before 18 July 2011. Half of the options vest immediately, with the remaining half vesting one year after issue. 100,000 options lapsed during the year.

(vii) On 18 July 2007, the Company issued employees with 1,700,000 unlisted options. The options give the right to subscribe for one ordinary share in CopperCo exercisable at $0.79 on or before 19 July 2012. Half of the options vest immediately, with the remaining half vesting one year after issue.

(viii) On 12 March 2008, the Company issued Randolph Scheffel with 200,000 unlisted options under the employee share plan. The options give the right to subscribe for one ordinary share in CopperCo exercisable at $1.10 on or before 31 December 2010. Half of the options vest immediately, with the remaining half vesting one year after issue.

(ix) On 3 December 2007, the Company issued Macquarie Bank, LinQ Resources Fund, Bell Co Pty Ltd and Simon Moore 15,000,000 options to subscribe for 5,000,000, 5,000,000, 2,500,000 and 2,500,000 million respectively shares in CopperCo at an exercise price of $1.06 in connection with a $15,000,000 financing facility. The expiry date is 30 June 2010.

22. RESERVES AND ACCUMULATED LOSSES

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Reserves	22(a-c)	**(14,016,196)**	(2,055,230)	**15,142,519**	12,265,440
Accumulated losses	22(d)	**(101,426,817)**	(106,628,025)	**(143,419,367)**	(136,820,734)
(a) Option / employee reserve:					
Balance at the beginning of year		**10,480,592**	2,412,390	**10,480,592**	2,412,390
Employee share options		**815,290**	1,343,135	**815,290**	1,343,135
Director share options		**153,136**	941,100	**153,136**	941,100
Tax effect – employee share reserve		**-**	163,967	**-**	163,967
Options issued as payment of debt issue costs		**3,693,500**	5,620,000	**3,693,500**	5,620,000
Balance at end of year		**15,142,519**	10,480,592	**15,142,519**	10,480,592
(b) Net unrealised gains reserve:					
Balance at the beginning of year		**1,784,848**	1,340,414	**1,784,848**	1,340,414
Increase in value of available-for-sale investments		-	1,072,541	-	1,072,541
Diminution in value of available for sale investments		-	-	-	-
Realised gain on sale of available for sale investments		-	(604,793)	-	(604,793)
Tax effect		**-**	(23,314)	**-**	(23,314)
Transfer to P&L on impairment		**(1,784,848)**	-	**(1,784,848)**	-
Balance at end of year		**-**	1,784,848	**-**	1,784,848
(c) Derivative equity reserve:					
Balance at the beginning of year		**(14,320,670)**	-	-	-
Unrealised loss on derivatives		**(32,179,720)**	(20,458,100)	-	-
Realised loss on hedge settlement		**10,982,514**	-		
Tax effect		**6,359,162**	6,137,430	-	-
Balance at end of year		**(29,158,714)**	(14,320,670)	-	-
(d) Accumulated losses movement:					
Balance at the beginning of year		**(106,628,025)**	(50,979,351)	**(136,820,734)**	(50,488,295)
Net profit / (loss) attributable to members of CopperCo Limited		**5,201,208**	(55,648,674)	**(6,598,633)**	(86,332,439)
Balance at end of year		**(101,426,817)**	(106,628,025)	**(143,419,367)**	(136,820,734)

22. RESERVES AND ACCUMULATED LOSSES (continued)

Nature and purpose of reserves

Option Reserve
The Group provides benefits to employees (including senior executives) of the Group and others in the form of share-based payments, whereby employees or others render services in exchange for shares or rights over shares. The Option reserve is used to record the value of equity benefits provided to employees, directors and others as part of their remuneration or other consideration. Refer to Note 24 for further details of these plans.

Net Unrealised Gains Reserve
Available-for-sale investments consist of investments in ordinary shares which are measured at fair value after initial recognition. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Impairment losses are recognised in the Income Statement and gains and losses are recognised as a separate component of equity through the Net Unrealised Gains Reserve until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Derivatives Reserve
AASB 139 requires that all financial assets and liabilities, including derivative instruments are to be recognised on the balance sheet. If a hedge relationship qualifies for hedge accounting under AASB 139 then the gain or loss on the cash flow hedging instrument may be deferred to equity, the derivative reserve account, until the hedge relationship ends or becomes ineffective, at which time the gain or loss shall be recognised in profit and loss. This helps to prevent volatility in the profit and loss accounts each reporting period.

23. EARNINGS PER SHARE

	CONSOLIDATED	
	2008 $	2007 $
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit / (loss)	**5,201,208**	(55,648,674)
Earnings used in calculating basic and diluted earnings per share	**5,201,208**	(55,648,674)
	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares used in calculating basic loss per share	**448,407,132**	349,231,202
Effect of dilution – share options	38,719,372	
Weighted average number of shares adjusted for the effect of dilution	**487,126,504**	349,231,202
Basic profit / (loss) per share (cents)	**1.16**	(15.93)
Diluted profit / (loss) per share (cents)	**1.07**	(15.93)

24. SHARE BASED PAYMENTS

Employee Plans

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently three plans in place to provide these benefits:

- CopperCo Employee Share Option Plan (ESOP) provides benefits to directors, senior executives and employees;

24. SHARE BASED PAYMENTS (continued)

- CopperCo Limited Employee Share Plan is a $1,000 share scheme which directors can issue up to $1,000 worth of shares to employees on a tax exempt basis; and
- CopperCo Executive Directors and Employees Option Plan provide directors to issue options to employees for free which are exercisable for free.

As at 30 June 2008, the only issues have been under the ESOP plan. The purpose of the ESOP is to:

a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
b) provide an incentive to the employees of the Company to remain in their employment in the long term;
c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with the Rules of the ESOP.

Under AASB 2 Share-based Payments, the Group is required to recognise an expense for those options that were issued to employees. The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of movements in employee share options issued during the year under the ESOP are:

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
Outstanding at the beginning of the year	19,080,000	**$0.33**	8,680,000	$0.20
Granted during the year	**1,700,000**	**$0.79**	4,900,000	$0.37
	200,000	**$1.10**	4,000,000	$0.45
	-	-	750,000	$0.55
	-	-	750,000	$0.60
Forfeited during the year	-	-	-	-
Exercised during the year	**(7,300,000)**	**$0.20**	-	-
	2008 No.	**2008 WAEP**	**2007 No.**	**2007 WAEP**
Expired during the year	(100,000)	**$0.37**	-	-
Outstanding at the end of the year	**13,580,000**	**$0.47**	19,080,000	$0.33
Exercisable at the end of the year	**11,130,000**	**$0.42**	13,630,000	$0.28

The exercise price and vesting conditions are determined based on market conditions, current share price and the 5 day variable weighted average share price. Internal policy provided that half the options vest immediately and the balance after one year for employees under the ESOP. If an employee resigns subsequent to vesting but prior to the exercise date they have 30 days to exercise the option before the options lapse.

The outstanding balance as at 30 June 2008 is represented by:

- 1,380,000 unlisted employee options over ordinary shares with an exercise price of $0.20 exercisable until 30 June 2010.
- 1,500,000 unlisted executive options exercisable at $0.45 per share. The options have vested as the sustainable production of cathode and delivery of product at or lower than budget capital expenditure. They are exercisable until 30 June 2010.
- 2,500,000 unlisted executive options exercisable at $0.45 per share vesting on 12 October 2006 and exercisable until 30 June 2010.
- 750,000 unlisted executive options exercisable at $0.55 per share. The options has not vested as the performance hurdle of project operating costs for the period 1 July 2007 to 30 June 2008 to be at or lower than budget will be reviewed subsequent to the 2008 Year End Audit. Upon vesting they are exercisable until 30 June 2010.
- 750,000 unlisted executive options exercisable at $0.60 per share. The options will only vest on copper production for the period 1 July 2008 to 30 June 2009 to be in accordance with budget. They are exercisable until 30 June 2010.
- 4,800,000 unlisted employee options over ordinary shares exercisable at $0.37 with the first half vesting on 17 July 2006 and the second half vesting on 18 July 2007 and exercisable until 18 July 2011. 100,000 expired during the year.
- 1,700,000 unlisted employee options over ordinary shares exercisable at $0.79 with the first half vesting on 18 July 2007 and the second half vesting on 19 July 2008 and exercisable until 19 July 2012.
- 200,000 unlisted employee options over ordinary shares exercisable at $1.10 with the first half vesting on 12 March 2008 and the second half vesting on 13 March 2009 and exercisable until 17 June 2012.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2008 is between 1 and 4 years (2007: 1 and 4 years).

24. SHARE BASED PAYMENTS (continued)

The exercise price for options outstanding at the end of the year was $0.20, $0.37, $0.45, $0.60, $0.79, $1.10 (2007: $0.37, $0.45, $0.55, $0.60).

The weighted average fair value of options granted during the year was $0.47 (2007: $0.33).

The fair value of the equity-settled share options granted under the options is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2005 to 30 June 2008:

	Granted on 18 Jul 2007	Granted on 12 Oct 2006	Granted on 17 Jul 2006	Granted on 1 Jul 2005	Granted on 28 Sep 2004
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility (%)	43%	54%	68%	73%	60%
Risk-free interest rate (%)	7%	6%	6%	5.50%	5.75%
Expected life of option (years)	5	3.75	5	5	3.75
Option exercise price ($)	$0.79	$0.45 – $0.60	$0.37	$0.20	$0.20
Weighted average share price at grant date	$0.83	$0.47 – $0.62	$0.45	$0.14	$0.21

The expected life of the options is based in historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The dividend yield reflects the assumption that no dividends will be paid out. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Other Options Issued

The group has granted options to external parties during the year as part of various financing facilities. Under AASB 2 Share-based Payments, the Group is required to recognise an expense for those options that were issued. The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of movements in share options issued during the year are:

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
Outstanding at the beginning of the year	20,000,000	**$0.65**	–	–
Granted during the year	15,000,000	**$1.06**	20,000,000	$0.65
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	35,000,000	**$0.83**	20,000,000	$0.65
Exercisable at the end of the year	35,000,000	**$0.83**	20,000,000	$0.65

The outstanding balance as at 30 June 2008 is represented by:

- 20,000,000 options issued to Macquarie Bank Ltd (7,500,000), Glencore Australia Pty Ltd (7,500,000) and Perpetual Corporate Trust Limited as responsible entity for the LinQ Resources Fund (5,000,000), with a exercise price of $0.65 and exercisable until 30 June 2010. There are no vesting conditions attached.

- 15,000,000 issued to Macquarie Bank Ltd (5,000,000), Perpetual Corporate Trust Limited as responsible entity for the LinQ Resources Fund (5,000,000), Bell Co Pty Ltd (2,500,000) and Simon Moore (2,500,000), with a exercise price of $1.06 and exercisable until 30 June 2010. There are no vesting conditions attached.

24. SHARE BASED PAYMENTS (continued)

The weighted average fair value of options granted during the year was $1.06 (2007: $0.65).

The fair value of the equity-settled share options granted under the options is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2008 and 30 June 2007.

	Granted on 18 May 2007	Granted on 3 December 2007	Granted on 21 April 2008
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	48%	51%	51%
Risk-free interest rate (%)	6.65%	7.12%	7.12%
Expected life of option (years)	3	2.5	2
Option exercise price ($)	$0.65	$1.06	$1.06
Weighted average share price at grant date	$0.65	$1.06	$1.06

The expected life of the options is based in historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The dividend yield reflects the assumption that no dividends will be paid out. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

25. DIRECTOR AND EXECUTIVE DISCLOSURE

(a) Details of Key Management Personnel

(i) Directors

K.S. Liddell	Chairman
R.J. Basham	Director (non-executive)
B.J. Rear	Managing Director (executive)
Hon. J.C. Moore AO	Director (non-executive)
P. J. Patrikeos	Director (non-executive)

(ii) Executives

S. Pooley	General Manager – Exploration and Business Development
P. Hartog	Chief Financial Officer / Company Secretary
B. Deans	General Manager – Operations
P. Martinkus	Site General Manager
R. Jones	Project Manager – Engineering

25. DIRECTOR AND EXECUTIVE DISCLOSURE (continued)

(b) Key Management personnel Compensation

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Short term employee benefits	**2,017,567**	1,579,953	**2,017,567**	1,579,953
Post-employment benefits	**160,756**	125,570	**160,756**	125,570
Share-based payments	**-**	1,978,112	**-**	1,978,112
	2,178,323	3,683,635	**2,178,323**	3,683,635

(c) Option holdings of Key Management Personnel

30 June 08	Balance at beginning of period 01-Jul-07	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-08	Vested at 30 June 08 Total	Vested at 30 June 08 Exercisable	Vested at 30 June 08 Not Exercisable
Directors								
Brian Rear	8,000,000	-	5,000,000	-	3,000,000	1,500,000	1,500,000	1,500,000
Richard Basham	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Keith Liddell	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Executives								
Simon Pooley	1,200,000	-	-	-	1,200,000	1,200,000	1,200,000	-
Phillip Hartog	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Barry Deans	700,000	-	-	-	700,000	700,000	700,000	-
Paul Martinkus	500,000	-	-	-	500,000	500,000	500,000	-
Robin Jones	500,000	-	-	-	500,000	500,000	500,000	-

25. DIRECTOR AND EXECUTIVE DISCLOSURE (continued)

						Vested at 30 June 07		
30 June 07	Balance at beginning of period 01-Jul-06	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-07	Total	Exercisable	Not Exercisable
Directors								
Brian Rear	5,000,000	3,000,000	-	-	8,000,000	5,000,000	5,000,000	3,000,000
Stephen Blackman	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Richard Basham	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Keith Liddell	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
Executives								
Ken Maiden (i)	800,000	-	-	(800,000)	-	-	-	-
Simon Pooley	400,000	800,000	-	-	1,200,000	1,200,000	1,200,000	-
Phillip Hartog	200,000	800,000	-	-	1,000,000	1,000,000	1,000,000	-
Barry Deans	200,000	500,000	-	-	700,000	700,000	700,000	-
Paul Martinkus	-	500,000	-	-	500,000	500,000	500,000	-
Robin Jones	-	500,000	-	-	500,000	500,000	500,000	-

(i) Resigned on 31/07/2006. All options had vested by the date of resignation.

(d) Shareholding of Key Management Personnel

30 June 08	Balance 01-Jul-07	Granted as Remuneration	On Exercise of Options	Shares acquired privately	Balance 30-June-08
	Ord.	Ord.	Ord.	Ord.	Ord.
Directors/Executives					
Keith Liddell	535,736	-	-	-	535,736[1]
Richard Basham	407,157	-	-	-	407,157[2]
Brian Rear	1,879,267	-	5,000,000	-	6,879,267[3]
Peter Patrikeos	15,000	-	-	-	15,000[5]
Hon John Moore AO	899,500	-	-	-	899,500[6]
Robin Jones	50,000	-	-	-	50,000[7]

25. DIRECTOR AND EXECUTIVE DISCLOSURE (continued)

(d) Shareholding of Key Management Personnel

30 June 07	Balance 01-Jul-06	Granted as Remuneration	On Exercise of Options	Shares acquired privately	Balance 30-June-07
	Ord.	Ord.	Ord.	Ord.	Ord.
Directors/Executives					
Keith Liddell	535,736	-	-	-	535,736[1]
Richard Basham	407,157	-	-	-	407,157[2]
Brian Rear	1,879,267	-	-	-	1,879,267[3]
Stephen Blackman	3,414,291	-	-	-	3,414,391[4]
Peter Patrikeos	-	-	-	15,000	15,000[5]
Hon John Moore AO	-	-	-	899,500	899,500[6]
Robin Jones	-	-	-	50,000	50,000[7]

Note:

1. Mr Liddell's spouse and other associates of Mr Liddell no longer hold a relevant interest of 20% or more in Mineral Securities Limited ("Minsec") which holds shares in CopperCo. CopperCo shares held by Minsec are now excluded from Mr Liddell's indirect interest as Mr Liddell no longer holds a relevant interest in Minsec.

   250,000 of the shares are held by Tintron Pty Ltd as trustee for the Liddell Superannuation Fund of which Mr Liddell is a director and a beneficiary. 160,736 of the shares are held by Mr Liddell as trustee for the Liddell Investment Account of which Mr Liddell is a beneficiary. 125,000 of the shares are held by Liddell Capital Pty Ltd of which Mr Liddell is a director and shareholder.
2. The shares are held by Hawea Pty Ltd as trustee for the RJ Basham Family Superannuation Fund of which Mr Basham is a beneficiary.
3. SRH Resources, in which Mr Brian Rear has an indirect interest, acquired 270,000 shares in CopperCo. Mr Brian Rear has resigned from his position of Joint Trustee of the IBML Employee Share Trust and is no longer an eligible potential beneficiary resulting in the disposal of 401,840 shares in the 2006 year.

   1,352,110 of the shares are held by Goldvance Pty Ltd as trustee for the BMR Trust of which Mr Rear is a director, shareholder and beneficiary. 1,527,157 of the shares are held by SRH Resources Pty Ltd ("SRH") as trustee for the SRH Provident Fund. Mr Rear is a director and shareholder of SRH and a beneficiary of the SRH Provident Fund. 4,000,000 of the shares are held by Mr Rear in his name.
4. Mr Stephen Blackman's indirect interest of CopperCo shares held by IBML Employee Share trust has been reduced

   876,010 of the shares are held by Blackman and Associates Pty Ltd as trustee for the Blackman and Associates Super Fund of which Mr Blackman is a director, shareholder and beneficiary. 2,154,133 of the shares are held by Blackman and Associates Pty Ltd as trustee for Blackman Investment Trust of which Mr Blackman is a director, shareholder and beneficiary. 268 shares are held directly by Mr Blackman.

   407,157 of the shares are held by International Base Metals Limited Employee Share Trust of which Mr Blackman is a joint trustee and is an eligible potential beneficiary.
5. 15,000 Shares held by PJ & MA Super Fund of which Mr Patrikeos is a beneficiary and trustee.
6. 899,500 Shares held by Ralsten Pty Ltd, a company Hon John Moore holds a relevant interest in.
7. As at 30 June 2008, Robin Jones is the only executive to have any shareholding interest in CopperCo with 50,000 shares.

e) Loans to Key Management Personnel

Details of key management personnel with loans above $100,000 in the reporting period are as follows:

	Loans	Interest charged	Total
Directors			
Brian Rear	200,000	11,000	211,000

On 30 November 2007, CopperCo entered into a loan agreement with Brian Rear, whereby it loaned Mr Rear $200,000. The loan is repayable no later than 31 December 2008. Interest compounds monthly and is payable based on the three month bank bill rate plus 2.5%.

25. DIRECTOR AND EXECUTIVE DISCLOSURE (continued)

(f) Other transactions and balances with Key Management Personnel

Services

CopperCo Limited paid fees of $176,374 (2007:$334,478) for the year to Mineral Securities Limited, a company of which Mr K.S. Liddell is a Director, for administrative and company secretarial services.

A fee of $75,000 (2007:$80,250) was paid to Mineral Securities Limited for Director services provided by Mr K.S. Liddell.

26. AUDITOR'S REMUNERATION

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Amounts received or due and receivable by Ernst & Young for:				
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	166,661	66,340	166,661	66,340
– other services to the entity and any other entity in the consolidated group	-	-	-	-
– assurance related	154,499	-	154,499	-
	321,160	66,340	321,160	66,340

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise derivatives, cash, interest-bearing liabilities and available-for-sale investments.

The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operation. The purpose is to manage the interest rate risk arising from the Group's operations and its source of finance. The main risks arising from the Group's financial instruments are interest rate risk, commodity price risk, foreign currency risk, equity price risk, liquidity risk and credit risk. The Board reviews and agrees the policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

The Group trades only with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group's sales is to one major customer and believes that given this company's standing and credit worthiness, credit risk is almost negligible. In addition, receivables balances are monitored on an ongoing basis with the result that the Groups' exposure to bad debts is not significant.

For banks and financial institutions only independently rates parties with a minimum accepted rating of 'A' are accepted.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, preference shares, finance leases and hire purchase contracts.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2008. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2008.

Maturity analysis of financial assets and liabilities

Consolidated	Carrying Value $	Contractual cash flows $	6 months or less $	6-12 months $	1-5 years $	More than 5 years $
Year ended 30 June 2008						
Consolidated Financial Assets						
Cash & cash equivalents	15,681,076	15,681,076	15,681,076	-	-	-
Trade & other receivables	11,362,471	11,362,471	10,624,676	-	-	737,795
Available-for-sale investments	7,027,531	7,027,531	3,419,950	-	3,607,581	-
Derivatives	-	-	-	-	-	-
	34,071,078	34,071,078	29,725,702	-	3,607,581	737,795
Consolidated Financial Liabilities						
Trade & other payables	32,540,873	32,540,873	32,540,873	-	-	-
Interest-bearing liabilities	86,169,532	105,040,236	10,428,643	32,420,205	62,191,388	-
Derivatives	55,510,567	55,510,567	14,113,241	10,625,227	30,772,099	-
	174,220,972	193,091,676	57,082,757	43,045,432	92,963,487	-
Net Maturity	(140,149,894)	(159,020,598)	(27,357,055)	(43,045,432)	(89,355,906)	737,795

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Consolidated	Carrying Value $	Contractual cash flows $	6 months or less $	6-12 months $	1-5 years $	More than 5 years $
Year ended 30 June 2007						
Consolidated Financial Assets						
Cash & cash equivalents	8,656,956	8,656,956	8,656,956	-	-	-
Trade & other receivables	3,409,338	3,409,338	2,654,646	-	149,698	604,994
Available-for-sale investments	7,412,776	7,412,776	-	-	7,412,776	-
Derivatives	141,769	141,769	141,769	-	-	-
	19,620,839	19,620,839	11,453,371	-	7,562,474	604,994
Consolidated Financial Liabilities						
Trade & other payables	22,133,907	22,133,907	22,133,907	-	-	-
Interest-bearing liabilities	37,423,221	45,221,914	3,894,330	20,969,330	25,358,254	-
Derivatives	21,320,403	21,320,403	573,239	-	20,747,164	-
	80,877,531	88,676,224	26,601,476	20,969,330	41,105,418	-
Net Maturity	(61,256,692)	(69,055,385)	(15,148,105)	(20,969,330)	(33,542,944)	604,994
Year ended 30 June 2008						
Parent Financial Assets						
Cash & cash equivalents	1,977,170	1,977,170	1,977,170	-	-	-
Trade & other receivables	42,460,541	42,460,541	2,983,346	-	-	39,477,195
Available-for-sale investments	8,357,272	8,357,272	3,419,950	-	4,937,322	-
	52,794,983	52,794,983	8,380,466	-	4,937,322	39,477,195
Parent Financial Liabilities						
Trade & other payables	2,754,046	2,754,046	2,754,046	-	-	-
Interest-bearing liabilities	3,684,829	3,684,829	-	-	3,684,829	-
	6,438,875	6,438,875	2,754,046	-	3,684,829	-
Net Maturity	46,356,108	46,356,108	5,626,420	-	1,252,493	39,477,195

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Consolidated	Carrying Value $	Contractual cash flows $	6 months or less $	6-12 months $	1-5 years $	More than 5 years $
Year ended 30 June 2007						
Parent Financial Assets						
Cash & cash equivalents	8,656,971	8,656,971	8,656,971	-	-	-
Trade & other receivables	13,854,600	13,854,600	2,587,220	-		11,267,380
Available-for-sale investments	7,312,776	7,312,776	-	-	7,312,776	-
	29,824,347	29,824,347	11,244,191	-	7,312,776	11,267,380
Parent Financial Liabilities						
Trade & other payables	11,767,424	11,767,424	11,767,424	-	-	-
Interest-bearing liabilities	3,512,399	-	-	-	3,512,399	-
	15,279,823	11,767,424	11,767,424	-	3,512,399	-
Net Maturity	14,544,524	18,056,923	(523,233)	-	3,800,377	11,267,380

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Commodity price risk

Through CopperCo's Lady Annie operations the company is exposed to variability in the USD Copper Price as well as variability in the AUD/USD exchange rate given the company is an AUD reporting entity and the price of copper is quoted in USD. As a result of this price variability and the company's desire to protect at a minimum the operating costs and debt service commitments the company will from time to time execute hedges that fulfil the objectives of the company's overall risk management strategy.

The Group's exposure to commodity price risk at balance date was as follows, based on notional amounts:

	Consolidated Carrying amount	
	2008	2007
US dollar denominated		
Financial Assets		
Trade receivables	**7,786,381**	-
Financial Liabilities		
Derivatives – forward copper contract in AUD	**(55,510,567)**	(20,747,164)
Derivatives – copper zero cost collars in AUD	**-**	(431,470)
Net exposure	(47,724,186)	(21,178,634)

The following table summarises the sensitivity of the fair value of financial instruments held at balance date to movement in the relevant forward commodity price, with all other variables held constant (assuming a 30% tax rate). The 10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding 5 year period.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2008				2007			
	Profit or loss		Equity		Profit or loss		Equity	
Consolidated	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
Ineffective portion of hedging	320,272	(320,272)	-	-	-	-	-	-
Trade receivables	778,638	(778,638)	-	-	-	-	-	-
Derivatives	-	-	5,551,057	(5,551,057)	-	-	2,117,864	(2,117,864)
Net effect	1,098,910	(1,098,910)	5,551,057	(5,551,057)	-	-	2,117,864	(2,117,864)

Cash flow Interest rate risk

The Group's interest rate risk arises from long-term borrowings and bank balances with a floating interest rate. Borrowings and bank balances at variable rates expose the Group to cash flow interest rate risk. The Group policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligation through scheduled debt repayments and non-scheduled debt repayment when excess cash is available. The Group has not entered into any derivatives to hedge the interest rate exposure.

At the reporting date the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated Carrying Amount		Parent Carrying Amount	
	2008	2007	2008	2007
Variable rate instruments				
Financial assets				
Cash & cash equivalents	**15,681,076**	8,656,956	**1,977,170**	8,656,971
Financial liabilities				
Interest bearing liabilities	**(90,635,059)**	(40,842,045)	**(3,684,829)**	(3,512,399)
Net exposure	**(74,953,983)**	(32,185,089)	**(1,707,659)**	5,144,572

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below; assuming a 30% tax rate. The 100 basis points sensitivity is based on reasonably possible movements over a financial year, after the observation of historical rate movements during the past 5 year period. This analysis assumes that all other variables remain constant.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Consolidated				
30 June 2008				
Variable rate instruments	(519,513)	519,513	(519,513)	519,513
30 June 2007				
Variable rate instruments	(196,081)	196,081	(196,081)	196,081
Parent				
30 June 2008				
Variable rate instruments	69,871	(69,871)	69,871	(69,871)
30 June 2007				
Variable rate instruments	40,417	(40,417)	40,417	(40,417)

(d) Foreign currency risk

The Group is exposed to currency risk on its derivative financial instruments and receivables.

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Consolidated Carrying Amount	
	2008	2007
US dollar denominated		
Financial Assets		
Trade receivables	**7,786,381**	-
Financial Liabilities		
Derivatives – forward copper contract in AUD	**(55,510,567)**	(20,747,164)
Derivatives – copper zero cost collars in AUD	**-**	(431,470)
Net exposure	**(47,724,186)**	(21,178,634)

A change of 5% in the AUD/US Dollar at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below; assuming a 30% tax rate. The 5% sensitivity is based on reasonably possible movements over a financial year, after the observation of historical rate movements during the past 5 year period. This analysis assumes that all other variables remain constant.

	2008				2007			
	Profit / (loss)		Equity		Profit / (loss)		Equity	
Consolidated	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease
Trade receivables	389,319	(389,319)	-	-	-	-	-	-
Derivatives	-	-	2,775,528	(2,775,528)	-	-	1,058,932	(1,058,932)
Net Effect	594,455	(594,455)	2,775,528	(2,775,528)	-	-	1,058,932	(1,058,932)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management monitors capital through its cash flows requirement and gearing ratio (net debt/total capital). No targets have been set and the Group is not subject to any externally imposed capital requirements. There has been no changes in the capital risk manage policy in 2008.

The gearing ratios based on continuing operations were as follows:

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Trade and other payables	**32,540,873**	22,133,907	**2,754,046**	11,737,424
Loans	**86,169,532**	37,423,221	**3,684,829**	3,512,399
Less cash and cash equivalents	**(15,681,076)**	(8,656,956)	**(1,977,170)**	(8,656,971)
Net debt	**103,029,329**	50,900,172	**4,461,705**	6,592,852
Total equity	**79,535,547**	50,867,667	**66,701,712**	34,995,628
Total capital	**182,564,876**	101,767,839	**71,163,417**	41,618,480
Gearing ratio	**56%**	50%	**6%**	16%

(f) Equity price risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale.

The following sensitivity is based on the equity price risk exposures in existence at the balance sheet date. The sensitivity used is +/- 30% which is based on reasonable, possible changes over financial year, based on share price fluctuations of the last 12 months.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2008				2007			
	Profit / (loss)		Equity		Profit / (loss)		Equity	
	30% increase	30% decrease	30% increase	30% decrease	30% increase	30% decrease	30% increase	30% decrease
Consolidated								
Available-for-sale investments	-	(1,082,274)	1,082,274	-	-	(2,223,833)	2,223,833	-
Net Effect	-	(1,082,274)	1,082,274	-	-	(2,223,833)	2,223,833	-
Parent								
Available-for-sale investments	-	(1,070,274)	1,070,274	-	-	(2,193,833)	2,193,833	-
Net Effect	-	(1,070,274)	1,070,274	-	-	(2,193,833)	2,193,833	-

(g) Fair values versus carrying amounts

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash & cash equivalents: due to their short term nature their carrying value is assumed to approximate their fair value

Trade receivables & trade payables: due to their short term nature the carrying value is assumed to approximate their fair value

Borrowings: the carrying amount of bank borrowings approximates fair value as the borrowings are at floating rates which are repriced quarterly. The carrying amount of other borrowings approximates fair value because of their short term to maturity.

Loans to controlled entities: the loans are repayable on demand and therefore the carrying value approximates the fair value

Available for sale investments: the fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Derivatives: CopperCo sources fair values from their appointed independent financial risk manager. The RxCore, Reval's technology platform is used to calculate the fair values, which are calculated with reference to market interest rates, commodity prices and exchange rates effective as at close of business 30 June 2008.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Carrying amount		Fair value	
	2008	2007	2008	2007
	$	$	$	$
CONSOLIDATED				
Financial assets				
Cash	**15,681,076**	8,656,956	**15,681,076**	8,656,956
Trade and other receivables	**11,362,471**	3,409,338	**11,362,471**	3,409,338
Available-for-sale investments	**3,607,531**	7,412,776	**3,607,531**	7,412,776
Other financial assets	**3,419,950**	-	**3,419,950**	-
Financial liabilities				
Trade and other payables	**32,540,873**	22,133,907	**32,540,873**	22,133,907
Interest-bearing loans and borrowings:				
Floating rate borrowings	**82,484,703**	33,910,822	**82,484,703**	33,910,822
Derivatives	**55,510,567**	21,178,634	**55,510,567**	21,178,634
Short-term loan	**3,684,829**	3,512,399	**3,684,829**	3,512,399
PARENT				
Financial assets				
Cash	**1,977,170**	8,656,971	**1,977,170**	8,656,971
Trade and other receivables	**42,460,541**	13,854,599	**42,460,541**	13,854,599
Available-for-sale investments	**3,567,581**	12,339,211	**3,567,581**	12,339,211
Other financial assets	**8,357,272**	-	**8,357,272**	-
Financial liabilities				
Trade and other payables	**2,754,046**	11,667,260	**2,754,046**	11,667,260
Interest-bearing loans and borrowings:				
Floating rate borrowings	**-**	-	**-**	-
Short-term loan	**3,684,829**	3,512,399	**3,684,829**	3,512,399

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(h) Derivatives and hedges

	CONSOLIDATED		PARENT	
	2008 $	2007 $	2008 $	2007 $
Current Assets				
Option hedge contracts – cash flow hedges	–	141,769	–	–
Total Assets	–	141,769	–	–
Current Liability				
Option hedge contracts – cash flow hedges	–	573,239	–	–
Forward currency and copper contracts – cash flow hedges	**24,738,468**			
Non Current Liabilities				
Forward currency and copper contracts – cash flow hedges	**30,772,099**	20,747,164	–	–
Total Liabilities	**55,510,567**	21,320,403	–	–
Net Liabilities	**55,510,567**	21,178,634	–	–

Movement in forward currency contract cash flow hedge liability

	CONSOLIDATED		PARENT	
	2008 $	2007 $	2008 $	2007 $
Opening balance	**21,320,403**	–	–	–
Transaction costs	**4,932,000**	–	–	–
Charged to equity	**26,055,441**	20,458,100	–	–
Charged to current assets	–	141,769	–	–
Charged to profit and loss	**3,202,723**	720,534	–	–
Closing balance	**55,510,567**	21,320,403	–	–

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations associated with movements in copper prices and foreign currency risk.

The Risk Management objective for the forward contracts is to hedge at price risk associated with the sale of future copper metal from the Lady Annie Project's production. The risk being hedged is the change in cash flows that will result should the average forward copper price move above or below the hedged price of the forward sale. The hedge offsets movements in both the copper price and the currency (FX) risk.

CopperCo's future revenues are exposed to commodity price fluctuations. CopperCo may enter into commodity price derivative instruments to manage this exposure.

Copper is priced in US Dollars and therefore generates a foreign exchange exposure. CopperCo has managed their commodity and foreign exchange exposure jointly by executing Australian Dollar Copper contracts.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Instrument	Sell Monthly	Receive	Effective	Expiry	Fair Value	
Commodity swap	1,100 tonnes	AUD 7,054.25	Jan 2008	July 2010	(49,272,687)	Cash flow hedge – manage risk from forecast sales of copper
Commodity swap	450 tonnes	AUD 7,940.00	April 2009	July 2010	(6,237,880)	Cash flow hedge – manage risk from forecast sales of copper

(h) Derivatives and hedges (continued)

The group uses a number of methodologies to determine the fair value of derivatives. These techniques include comparing contracted rates to market rates with the same length of maturity to determine the value of forward contracts and use of option pricing models to value put options. The principal inputs to valuation techniques are listed below:

- Commodity prices
- Interest rates
- Foreign currency exchange rates
- Price volatilities
- Discount rates

Commodity prices, interest rates and foreign exchange rates are determined by reference to published/ observable prices.

28. EXPENDITURE COMMITMENTS

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Exploration commitments				
Minimum exploration commitments are as follows:				
Not later than one year – other	**2,709,934**	2,490,000	–	–
Later than one year but not later than five years – other	**17,678,320**	12,435,000	–	–
Later than five years	**7,677,713**	–	–	–
Aggregate exploration expenditure committed at balance date	**28,065,967**	14,925,000	–	–

Exploration commitments

In order to maintain the Group's interest in mining leases, the Group is committed to meeting the conditions under which the leases were granted and the obligations of the joint venture agreements. Early in 2006 the Company entered into a Farm-in and Joint Venture agreement with Xstrata Copper ("Xstrata") on CopperCo's wholly owned Toby Creek property located 30 km's southeast of Mount Isa. In accordance with the Farm-in and Joint Venture agreement Xstrata will be granted the right to conduct exploration activities on the Farm-in area and dependent on the Farm-in expenditure incurred by Xstrata they have a right to earn an interest in the Farm-in area. Xstrata also has a right to acquire a further interest in the Exploration Joint Venture if it is established at some future date. Early in 2007, the Company entered into a Farm-out agreement with Terrence Burt on the Battle Creek tenement. CopperCo has earned the 80% equity interest by expenditure of $150,000.

The amount reflected in the later than five year category includes an amount which relates to a security deposit with the Department of Mines and Energy in relation to a Plan of Operations for tenements owned by Lady Annie Operations Pty Ltd

The timing and amounts of exploration expenditure and obligations of the Group are subject to renegotiation by the joint venture participants and, as a result, may vary significantly from that forecast for each specified period.

28. EXPENDITURE COMMITMENTS (continued)

Salary contract commitments				
Not later than twelve months	**436,000**	262,291	**436,000**	262,291

Salary commitments

These commitments are for directors employed under contract and are based on their notice period.

Capital development commitments				
Not later than one year	**17,348,475**	41,192,000	-	366,500

Capital development commitments

These commitments reflect the value of orders placed prior to the financial year end for the Lady Annie Project.

Leasing commitments				

Operating lease commitments – Group as lessee
The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 8 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2008 are as follows:				
Within one year	**3,947,720**	3,919,143	-	-
After one year but not more than five years	**3,297,598**	7,212,545	-	-
After more than five years	**-**	-	-	-
Total minimum lease payments	**7,245,318**	11,131,688	-	-

Royalty commitments				

The Reefway transaction included a royalty deed in respect of copper, gold, lead, zinc and silver (all "Metals") mined from the Reefway Tenements. The royalty payable is the greater of gross royalty for that Metal and a 1% net smelter return royalty for that Metal. In respect of those Metals, no royalty is payable in relation to each Metal until threshold production levels have been reached which are: in the case of copper – 100,000 tonnes of net payable copper; gold –50,000 ounces of net payable gold; lead –100,000 tonnes of net payable lead; zinc – 100,000 tonnes of net payable zinc and silver – 1,000,000 ounces of net payable silver. In relation to products other than the specified Metals the royalty is 1% of the net smelter return royalty for those other products.

In addition to above Reefway is also a party to the following agreements:

(i) Tenement Sale & Royalty Agreement Mount Kelly – Leases and Claims dated 23 July 1998 between Rio Tinto Exploration Pty Ltd ("RTE") and Miniere Mining Pty Ltd ("Miniere") (together called the "Vendors"), Reefway and Pegasus ("Leases and Claim Agreement"); and

(ii) Tenement Sale & Royalty Agreements Mount Kelly – EPM 7487 dated 23 July 1998 between RTE, Reefway and Pegasus ("EPM Agreement").

Pursuant to the Leases and Claim Agreement, Reefway acquired mining leases 5426, 5435, 5446, 5447, 5448, 5474, 5476 and 5478 and mineral claim 5842 ("Leases and Claim") and agreed to pay the royalty to Miniere and RTE. Pegasus unconditionally guaranteed the due and punctual performance by Reefway of its obligations. RTE has since assigned its rights to the royalty to RoyalCo Resources Ltd and relinquished its other rights under this Agreement.

28. EXPENDITURE COMMITMENTS (continued)

The royalty is equal to 1% of the net smelter return generated from the sale of any minerals produced from the area within the external boundaries of the Leases and Claim as at the date of the agreement ("Tenement Area") provided that no royalty is payable in respect of the first 25 million pounds of copper produced from the Leases and that the aggregate royalty will not exceed $1 million.

Under the EPM Agreement, Reefway acquired exploration permit 7487 ("EPM 7487") from RTE and agreed to pay a royalty to RTE. RTE has since assigned its rights to the royalty to RoyalCo Resources Ltd and relinquished its other rights under this Agreement. The EPM Agreement is on substantially the same terms as the Leases and Claims Agreement, except the Miniere is not party to the EPM Agreement. Further, in this case the royalty equal to a 0.5% of the net smelter return generated from the sale of minerals from specified blocks of EPM 7478 and a 1% of the net smelter return generated from elsewhere in EPM 7487 but not including the area covered by the Leases and Claim. Once again, no royalty is payable in respect of the first 25 million pounds of copper produced from the Leases and Claim or EPM 7478 and the aggregate royalty under this EPM Agreement and the Leases and Claims Agreement will not exceed $1 million.

29. RELATED PARTY DISCLOSURES

(a) Wholly owned subsidiaries

Loans to wholly owned subsidiaries are interest free and repayable on demand

On 3 December 2007, CopperCo entered into the Moore Facility Agreement in connection with the Lady Annie Project via Simon Moore (as lender). Following shareholder approval, CopperCo Ltd issued 2.5 million options (exercisable on or before 30 June 2010 at A$1.06) to Simon Moore in connection with the financing provided under the Moore Facility Agreement. Simon Moore is a related party of CopperCo by virtue of him being the son of the Hon. John Moore AO. This facility has now been repaid.

As at the date of this document none of the options had been exercised.

On 30 November 2007, CopperCo entered into a loan agreement with Brian Rear, whereby it loaned Mr Rear A$200,000. The loan is repayable by Mr Rear no later than 31 December 2008. Interest compounds monthly and is payable based on the three month bank bill rate plus 2.5%.

(b) Ultimate parent entity

The Company is a public company listed on the Australian Stock Exchange and does not have a parent company.

30. EVENTS AFTER THE BALANCE SHEET DATE

CopperCo shareholders approved the merger of CopperCo with MinSec at a General Meeting on 16 May 2008. The offer is made on the basis of 2.2 CopperCo shares for each MinSec share. Takeover documentation including the prospectus and Offer Document for MinSec shareholders was released on 30 June 2008. The offer period was declared unconditional on 4 August 2008 and closed on 2 September 2008 with acceptances having been received for 94.7 % of MinSec. The Company will proceed with compulsory acquisition of the balance. The estimated provisional purchase price is A$157 million (Based on the CopperCo closing share price on 4 August 2008). At the date of this report, due to the timing of the transaction, it is impracticable to disclose the fair value of the acquired entity.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 13 October 2008.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

			Listed Ordinary Shares	
			Number of Holders	Number of Shares
1	-	1,000	2347	883,503
1,001	-	5,000	3277	9,636,722
5,001	-	10,000	1766	14,459,133
10,001	-	100,000	3246	105,950,947
100,001	-	and over	575	730,219,297
			11,211	**861,149,602**
The number of shareholders holding less than a marketable parcel of shares are:			4673	6,139,888

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Listed Ordinary Shares	
	Number of Shares	Percentage of Shares
Mineral Securities Operations Limited	91,672,257	10.65
National Nominees Limited	64,207,345	7.46
Perpetual Corporate Trust Limited	48,534,118	5.64
HSBC Custody Nominees (Australia)	36,726,933	4.26
Citicorp Nominees Pty Limited	35,097,266	4.08
JP Morgan Nominees Australia Limited	28,599,410	3.32
ANZ Nominees Limited <Cash Income A/C>	25,701,617	2.98
HSBC Custody Nominees (Australia) Limited <A/C 3>	21,150,202	2.46
Merrill Lynch (Australia) Nominees Pty Limited	18,889,008	2.19
Mr Keith Stuart Liddell & Mrs Shelagh Jane Liddell	23,057,793	2.67
Jarden Custodians Limited	15,037,000	1.75
Tinkler Investments Pty Ltd <Tinkler Family A/C>	13,800,000	1.60
Macquarie Bank Limited Metals & Energy Capital Division <A/C 1&2>	24,157,746	2.81
Muffet Pty Ltd	11,388,000	1.32
Bayeux Investments Pty Ltd <Bayeux Investment A/C>	10,720,697	1.24
Lazard Carnegie Wylie Pty Ltd	10,222,452	1.19
The Bank of New York (Nominees) Limited	8,371,356	0.97
Parkland Capital Management Limited	6,758,400	0.78
Hawaiian Investments Pty Ltd	6,600,000	0.77
Cogent Nominees Pty Limited	5,972,923	0.69
	506,664,523	**58.83**

ASX ADDITIONAL INFORMATION

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Ordinary Shares
Mineral Securities Operations Limited	91,672,257	10.65
National Nominees Limited	64,207,345	7.46
Perpetual Corporate Trust Limited	48,534,118	5.64

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Unquoted securities (and names of holders with more than 20% of equity securities in each class)

Class	Number of Securities	Number of Holders	Holders with more than 20%
Options over ordinary shares exercisable at $0.20 on or before 30 June 2010	1,380,000	7	Mark Bolton 400,000 and Simon Pooley 400,000 options
Options over ordinary shares exercisable at $0.37 on or before 18 July 2011	4,800,000	14	Simon Pooley 800,000 and Phillip Hartog 800,000 options
Options over ordinary shares exercisable at $0.65 on or before 30 June 2010	20,000,000	3	Macquarie Bank Ltd 7,500,000, Glencore Ltd 7,500,000 and LinQ 5,000,000 options
Options over ordinary shares exercisable at $0.45 on or before 30 June 2010	4,000,000	3	Brian Rear 1,500,000 and Keith Liddell 1,500,000 options
Options over ordinary shares exercisable at $0.55 on or before 30 June 2010	750,000	1	Brian Rear 750,000 options
Options over ordinary shares exercisable at $0.60 on or before 30 June 2010	750,000	1	Brian Rear 750,000 options
Options over ordinary shares excisable at $0.79 on or before 19 July 2012	1,700,000	6	Ian Carroll 500,000 and Peter Ruzicka 400,000 options.
Options over ordinary shares excisable at $1.10 on or before 31 Dec 2010	200,000	1	Randolph Scheffel 200,000 options
Options over ordinary shares excisable at $1.06 on or before 30 June 2010	15,000,000	4	Macquarie Bank Ltd 5,000,000, LinQ 5,000,000, Bell Co Pty Ltd 2,500,000, and Simon Moore 2,500,000.
Options over ordinary shares excisable at $0.77 on or before 17 June 2012	450,000	1	Robert Ellis 450,000

(f) Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited

(g) **Schedule of mining tenements**

Area of Interest	Tenements	Consolidated Entity's Interest	Comments
WESTERN AUSTRALIA			
Laverton Downs JV	E38/506	97%	BR Legendre 3%
QUEENSLAND			
Mount Birnie	EPM 11692	100%	
Round Mount	EPM 11920	100%	
	EPM 17433	100%	Under Application
	EPM 17442	100%	Under Application
	EPM 17584	100%	Under Application
Cameron River	EPM 11919	100%	
	EPM 17494	100%	Under Application
	EPM 17634	100%	Under Application
Cameron River West	EPM 17167	100%	Under Application
Mt Kelly	EPM 7487	100%	
	ML 5426	100%	
	ML 5435	100%	
	ML 5446	100%	
	ML 5447	100%	
	ML 5448	100%	
	ML 5476	100%	
	ML 5478	100%	
	ML 90168	100%	
	ML 90169	100%	
	ML 90170	100%	
	EPM 17415	100%	Under Application
Mt Kelly East	EPM 16242	100%	Under Application
Mt Kelly West	EPM 16243	100%	Under Application
	EPM 17533	100%	Under Application
	EPM 17415	100%	Under Application
Mc Leod Hill	ML 5426	100%	
	ML 5474	100%	
McLeod Hill South	EPM 17470	100%	Under Application
MGF Zone	EPM16241	100%	Under Application
Miranda	EPM 17298	100%	Under Application
	EPM 17308	100%	Under Application
	EPM 17311	100%	Under Application
	EPM 17411	100%	Under Application
	EPM 17414	100%	Under Application

ASX ADDITIONAL INFORMATION

(g) Schedule of mining tenements (continued)

Area of Interest	Tenements	Consolidated	Comments
			Entity's Interest
QUEENSLAND (Continued)			
	EPM 17525	100%	Under Application
	EPM 17527	100%	Under Application
	EPM 17530	100%	Under Application
	EPM 17531	100%	Under Application
	EPM 17535	100%	Under Application
	EPM 17635	100%	Under Application
	EPM 17647	100%	Under Application
	EPM 17646	100%	Under Application
	EPM 17858	100%	Under Application
	EPM 17856	100%	Under Application
	EPM 17861	100%	Under Application
	EPM 17854	100%	Under Application
	EPM 17859	100%	Under Application
	EPM 17855	100%	Under Application
	EPM 17852	100%	Under Application
Mount Oxide	EPM 17281	100%	Under Application
Anthill - Python	EPM 9916	100%	
Buckley River	EPM 13739	100%	
	EPM 16244	100%	Under Application
Cartridge Creek	EPM 14424	100%	
Cattle Creek	EPM 14112	100%	
Cloncurry	EPM 17170	100%	Under Application
Cloncurry North	EPM 17295	100%	Under Application
	EPM 17312	100%	Under Application
	EPM 17490	100%	Under Application
	EPM 17491	100%	Under Application
	EPM 17493	100%	Under Application
	EPM 17497	100%	Under Application
	EPM 17498	100%	Under Application
Cloncurry East	EPM 17418	100%	Under Application
	EPM 17432	100%	Under Application
Desert Creek	EPM 14149	100%	
Drifter	EPM 17088	100%	Under Application
Eastern Creek	EPM 11669	100%	
	EPM 16240	100%	Under Application
Eastern Creek South	EPM 16530	100%	Under Application

ASX ADDITIONAL INFORMATION

(g) **Schedule of mining tenements (continued)**

Area of Interest	Tenements	Consolidated	Comments
			Entity's Interest
QUEENSLAND (Continued)			
Gun Creek	EPM 11670	100%	
Johnson Creek	EPM 11777	100%	
Judenham Creek	EPM 14693	100%	
Kennedy Gap	EPM 12589	100%	
Lady Agnes	EPM 14697	100%	
Lady Annie	EPM 11185	100%	
	EPM 14259	100%	
	EPM 11586	100%	
	EPM 11649	100%	
	EPM 11660	100%	
	EPM 11661	100%	
	ML 5568	100%	
	ML 90179	100%	
	EPM 16529	100%	Under Application
Lady Annie East	EPM 17339	100%	Under Application
Lady Annie West	EPM 17469	100%	Under Application
	EPM 7422	100%	Under Application
Lady Maggie	EPM 14384	100%	
Paroo North	EPM 17428	100%	Under Application
Paroo South	EPM 17429	100%	Under Application
Quamby	EPM 17165	100%	Under Application
	EPM 17495	100%	Under Application
Redie Creek	EPM 11637	100%	
Redie Creek North	EPM 17704	100%	Under Application
Toby Creek	EPM 13177	100%	
Torpedo Creek	EPM 11672	100%	
Valparaisa	EPM 13176	100%	
Waggaboonya	EPM 17412	100%	Under Application

ASX ADDITIONAL INFORMATION

(g) Schedule of mining tenements (continued)

Area of Interest	Tenements	Consolidated	Comments
			Entity's Interest
QUEENSLAND (Continued)			
White Hills	EPM 17429	100%	Under Application
Wilfred Creek	EPM 13331	100%	
Power Water Corridor / MLT	ML 90178	100%	
	ML 90184	100%	
Battle Creek	EPM 15126	80%	

LEGEND
M = Mining Lease
ML = Mining Lease
MLT = Mining Lease for Transport
EL = Exploration Licence
E = Exploration Licence
P = Prospecting Licence
EPM = Exploration Permit for Minerals

NB: All tenements granted except those shown as "Under application".

NOTES

CopperCo Ltd

Head Office Address:
Level 22, Allendale Square
77 St Georges Tce
Perth WA 6000

Telephone:
+61 8 9260 8800
Facsimile:
+61 8 9225 6091

CopperCo. Ltd

designed and produced by Integratedconcept